INVESTMENT OUTLOOK

Industrial

Miami-Dade Metro Area

IPA | INSTITUTIONAL PROPERTY ADVISORS

MIDYEAR 2025

Diverging Leasing Trends Persist as Slower Build-Out Rate Supports Market Rebalancing

Northwest Dade poised for recovery, while leasing moderates near MIA. Miami's industrial market faced a supply-demand imbalance in early 2025; however, fundamentals are expected to stabilize as completions slow through year-end and lease commitments inked during the first quarter begin occupancy later in 2025. Large agreements by e-commerce and food-related users — including Amazon and Garland Foods, each taking around 200,000 square feet — should benefit northern submarkets that have grappled with recent supply infusions. These include North Miami Beach, Outlying Dade County and Medley. Meanwhile, the Miami International Airport (MIA) corridor faces greater near-term risk. Here, demand has recently cooled for spaces ranging from 10,000 to 50,000 square feet. With another wave of speculative deliveries expected in this area later this year, local vacancy has the potential to rise over the near term. Yet airport-proximate spaces smaller than 10,000 square feet should continue to readily lease-up as tenant demand for cost-effective floorplans has stayed strong among locally based companies.

Kendall's growth as an aerospace hub draws investment. Small-bay properties remain favored by investors, with vacancy holding near 3 percent — well below the 8 percent rate for larger buildings. Portfolio sales involving these assets are expected to stay active. Buyers may continue to focus on small-bay space near Miami International Airport (MIA), though interest is growing in Kendall. The area recently recorded its strongest net absorption total in three years — a potential reaction to Miami-Dade County advancing plans to build a new George T. Baker Aviation Technical College. The county is also seeking a spaceport designation for Miami Executive Airport, which would unlock incentives for aerospace firms and further enhance the area's appeal.

2025 MARKET FORECAST

+1.5% — **EMPLOYMENT:** Miami employers will add 20,000 jobs in 2025. Growth is expected in retail-related and business support services fields, while manufacturing and construction may continue to lag.

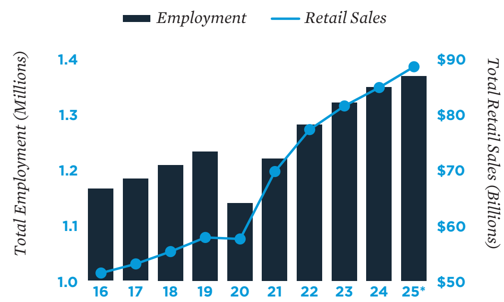
2.3 million *sq. ft.* — **CONSTRUCTION:** Completions will fall around 60 percent below the metro's prior three-year average. Most project openings are speculative and near MIA or in the northwest suburbs.

+40 bps — **VACANCY:** Fewer project openings will help slow the pace of vacancy expansion. Still, the metro's rate will rise to 6.0 percent — 220 basis points above the mean for the previous 10 years.

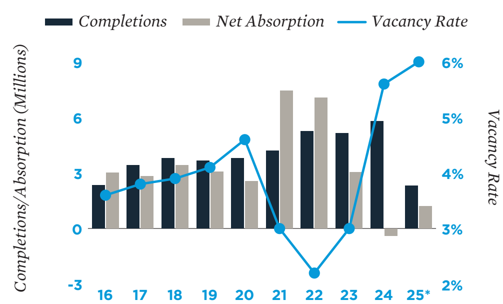
+2.8% — **RENT:** Reduced competition from new supply and the return of positive net absorption translate into upward rent movement, as the metro's average asking rate reaches $18.20 per square foot.

INVESTMENT: *Infill corridors, such as Allapattah and Little River, are commanding some of the highest industrial asking rents of any U.S. submarket outside of New York and California, potentially drawing investors.*

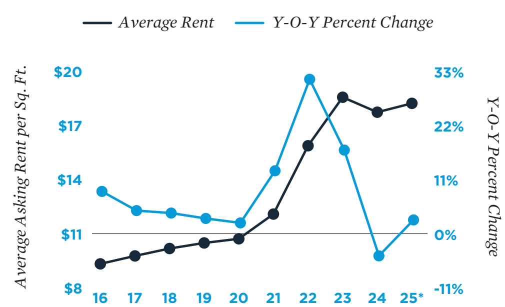
Economic Trends



Supply and Demand



Rent Trends



* Forecast
Sources: CoStar Group, Inc.; Real Capital Analytics

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2023. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at $1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.