

Miami-Dade County Industrial Market Report

2005

The Official IADC Annual Report on Industrial Market Conditions



Summary

- 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.

2005 IADC Annual Industrial Market Report Committee

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The Industrial Association of Dade County, Inc., (IADC), is a non-profit organization of business leaders involved in development, design, construction, sales and leasing of industrial warehouses and commercial real estate in South Florida. For information call Nick Kallergis, Executive Director, at:

Industrial Association of Dade County, Inc.
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Highlights by Geographic Region

North

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

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

- 15800 NW 13th Avenue, 39,523 SF at \$4.75/SF gross for 7 months, no rental abatement, "as is."
- 3301 NW 107th Street, 140,000 SF at \$6.11/SF gross for 60 months, 4% increases, no rental abatement, "as is."

Northwest/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, Pelmad Palmetto, Pelmad Industrial, Palmetto Distribution Center and Medley Industrial. This area is the fastest growing and continues to serve as a distribution hub for the Tri-county area.

- 9215 NW 101st Street, 40,000 SF at \$4.50/SF gross for 18 months, 5% increases, no rental abatement, "as is".
- 10800 NW 103rd Street, 122,000 SF at \$6.00/SF gross for 60 months, 4% increases, no rental abatement, "as is".

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 of sewer availability. Facilities used for garment manufacturing are being converted to other manufacturing uses. This region is noted for its ample supply of skilled bilingual labor. This area is becoming more popular due to its competitive prices.

- 7410 West 18th Lane, 22,000 SF at \$4.50/SF gross for 12 months, no rental abatement, "as is".
- 4300 NW 128th Street, 30,000 SF at \$3.65/SF gross for 36 months, 3% increases, no rental abatement, paint & carpet.

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. Market activity in this region is primarily driven by affordable building values, economic development programs, and the proximity of suppliers. Three districts within this region are the "Produce," "Garment" and "Design" districts. The conversion of older small warehouses to lofts, offices, and retail uses is changing the nature of this region east of I-95.

- 5703 NW 35th Avenue, 72,000 SF at \$3.50/SF gross for 60 months, 3% increases, no rental abatement, paint & carpet.
- 3520 NW 54th Street, 65,000 SF at \$4.25/SF gross for 36 months, 5% increases, 1 month free, "as is".

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. Newer industrial product in this region caters to office intensive and/or high-tech users. As the supply of vacant sites declines, new buildings are more office oriented.

- 8316 NW 14th Street, 16,000 SF at \$6.40/SF gross for 38 months, 4% increases, 2 months free, "as is".
- 1951 NW 89th Place, 26,548 SF (100% AC) at \$7.75/SF gross for 40 months, 4% increases, 4 months free, \$50,000 TI allowance.

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 88th Street and SW 152nd Street, west of SW 117th Avenue. Both areas offer primarily multi-tenant, street level office/warehouse buildings catering to small and medium sized businesses. The industrial area east of Tamiami Airport is designated a biomedical corridor and has the highest concentration of biomedical companies in southeast Florida. In the Tamiami Airport area, dock height distribution buildings have been constructed.

- 13800 SW 119th Avenue, 74,324 SF with 9,000 SF office at \$9.00/SF gross for 120 months, 3% increases, no rental abatement, "as is".
- 13450 SW 126th Street 18,000 SF (100% AC) with 5,400 SF office at \$8.25/SF gross for 60 months, 4% increases, no rental abatement, "as is".

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 has not been a significant factor in Miami-Dade County's overall industrial market, however, recent population growth should encourage more industrial warehouse development.

- 10776-B SW 190th Street, 12,000 SF at \$6.95/SF gross for 24 months, no increases, no rental abatement, "as is".
- 700 SW 1st Avenue, 23,000 SF at \$6.00/SF gross for 6 months, no rental abatement, "as is".

2005 Market Trends

	2004	2003	2002	2001	2000
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Supply of Industrial Space in SF

North		29,884,000	29,814,000	29,611,000	29,219,000
NW/Medley		26,929,000	25,609,000	24,600,000	22,477,000
Hialeah		22,691,000	23,348,000	22,608,000	22,533,000
Central		22,494,000	23,160,000	22,400,000	22,319,000
Airport West		49,268,000	48,423,000	47,480,000	46,455,000
Bird/Tamiami		7,215,000	6,793,000	6,381,000	5,923,000
South		6,379,000	6,832,000	6,292,000	6,285,000
Totals		164,860,000	162,143,000	159,372,000	155,211,000

Based on information from the Miami-Dade County Property Appraiser's Office, the supply and distribution of industrial space was tabulated in square feet and percent, respectively, for each region for the years 2000, 2001, 2002, 2003.

Annual Increase in Industrial Space in SF

North		70,000	203,000	392,000	253,000
NW/Medley		1,320,000	1,009,000	2,123,000	1,256,000
Hialeah		9,000	74,000	75,000	71,000
Central		18,000	76,000	81,000	46,000
Airport West		845,000	943,000	1,025,000	1,424,000
Bird/Tamiami		422,000	412,000	458,000	210,000
South		33,000	54,000	7,000	13,000
Totals		2,717,000	2,771,000	4,161,000	3,273,000

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 2000, 2001, 2002, 2003.

Industrial Employment as of November

Manufacturing	50,100	55,800	57,100	60,900	66,800
Trucking & Warehousing	63,500	63,300	67,700	69,900	71,400
Wholesale Trading	72,500	70,800	70,500	70,900	68,500
Totals	186,100	189,900	195,300	201,700	206,700

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

Total Freight

Miami Intl' Airport	1,940,000	1,750,000	1,700,000	1,800,000	1,800,000
Port of Miami	9,230,000	9,000,000	8,700,000	8,200,000	7,800,000
TEUs	1,009,500	1,041,483	980,743	955,671	868,178

Sources: Route Development D.C.A.D. Data Miami Aviation Statistics Accounting D.C.A.D. Projections. Route Development Division, December 2004 and Miami-Dade County Florida Seaport Department.

Map of Regions

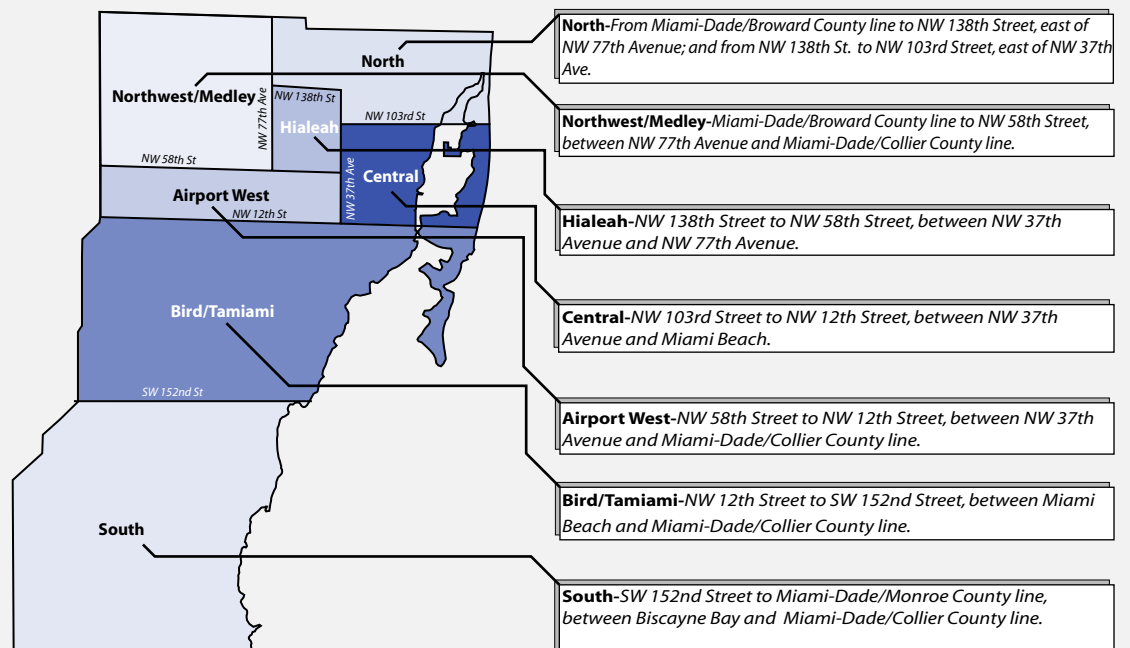
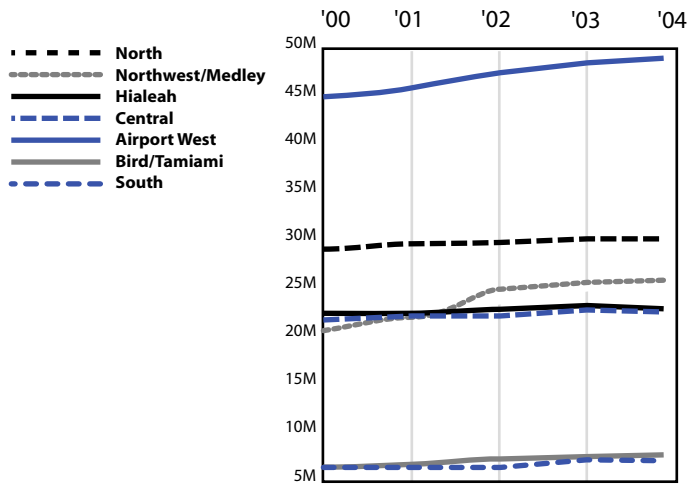
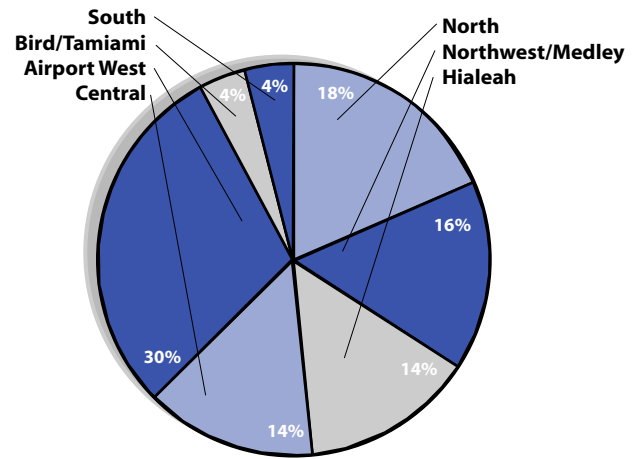


Chart Data

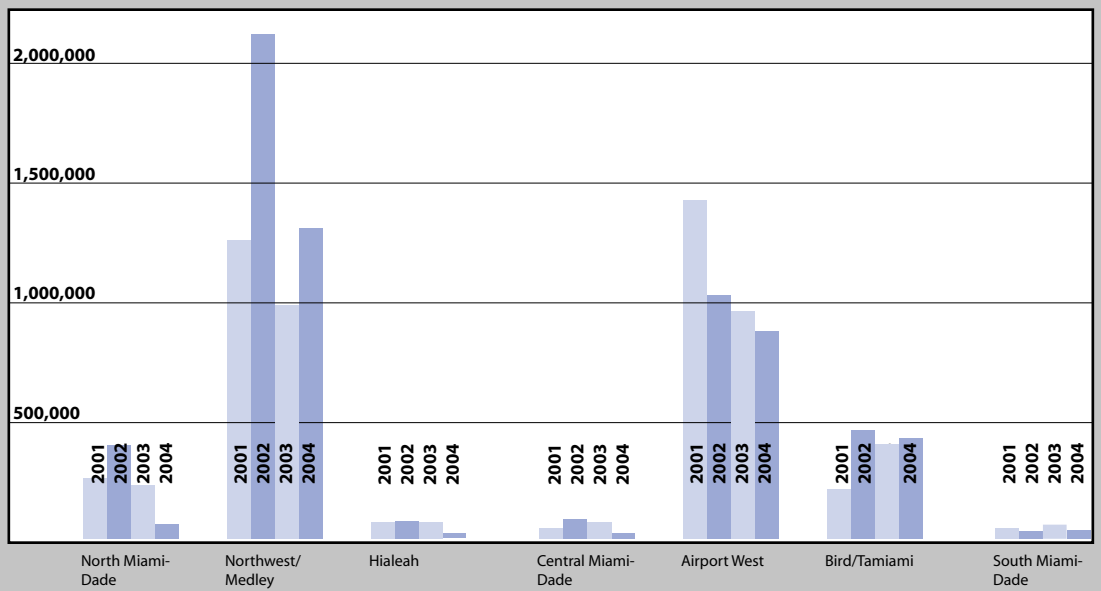
Supply of Industrial Space



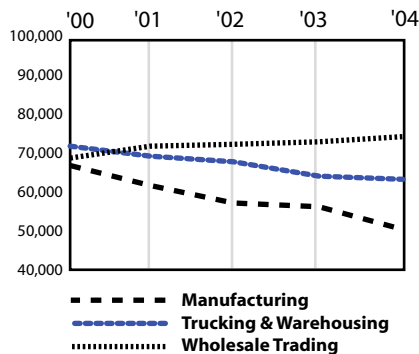
Distribution Of Industrial Space



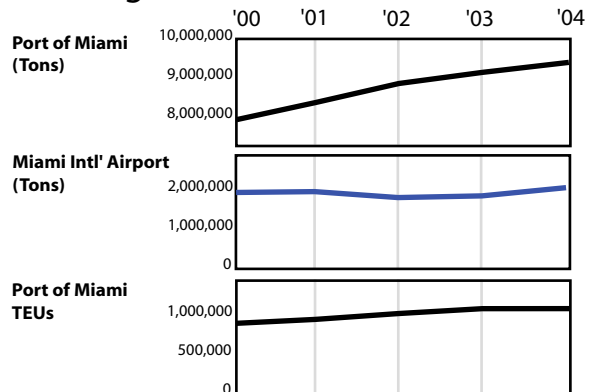
Annual Increase in Industrial Space SF



Industrial Employment



Total Freight



2005 Market Conditions

Sales Data on Buildings over 10,000 SF

North

	RENTAL MARKET					SALES MARKET				
	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	AVERAGE RENTAL RATE/SF	VACANCY RATE	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2005	48	1,370,000	28,500	\$4.75-8.00	5%					
2004						39	1,850,000	47,436	\$78,000,000	\$42.16
2003						37	1,690,000	45,676	\$84,790,000	\$50.17

Northwest/Medley

	RENTAL MARKET					SALES MARKET				
	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	AVERAGE RENTAL RATE/SF	VACANCY RATE	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2005	98	2,126,000	21,700	\$5.50-7.00	8%					
2004						35	1,890,000	54,000	\$95,740,000	\$50.66
2003						22	1,180,000	53,636	\$60,990,000	\$51.69

Hialeah

	RENTAL MARKET					SALES MARKET				
	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	AVERAGE RENTAL RATE/SF	VACANCY RATE	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2005	53	1,252,000	23,600	\$4.25-8.00	6%					
2004						45	1,810,000	40,222	\$80,860,000	\$44.67
2003						40	1,430,000	35,750	\$58,170,000	\$40.68

Central

	RENTAL MARKET					SALES MARKET				
	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	AVERAGE RENTAL RATE/SF	VACANCY RATE	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2005	52	1,180,000	22,700	\$3.25-10.50	5%					
2004						43	980,000	22,791	\$50,800,000	\$51.84
2003						38	1,280,000	33,684	\$41,640,000	\$32.53

Airport West

	RENTAL MARKET					SALES MARKET				
	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	AVERAGE RENTAL RATE/SF	VACANCY RATE	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2005	215	6,300,000	29,300	\$5.50-11.00	13%					
2004						58	3,220,000	55,517	\$184,120,000	\$57.18
2003						73	7,110,000	97,397	\$438,040,000	\$61.61

Bird/Tamiami

	RENTAL MARKET					SALES MARKET				
	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	AVERAGE RENTAL RATE/SF	VACANCY RATE	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2005	53	883,000	16,700	\$5.75-10.00	12%					
2004						17	570,000	33,529	\$29,590,000	\$51.91
2003						5	170,000	34,000	\$10,090,000	\$59.35

South

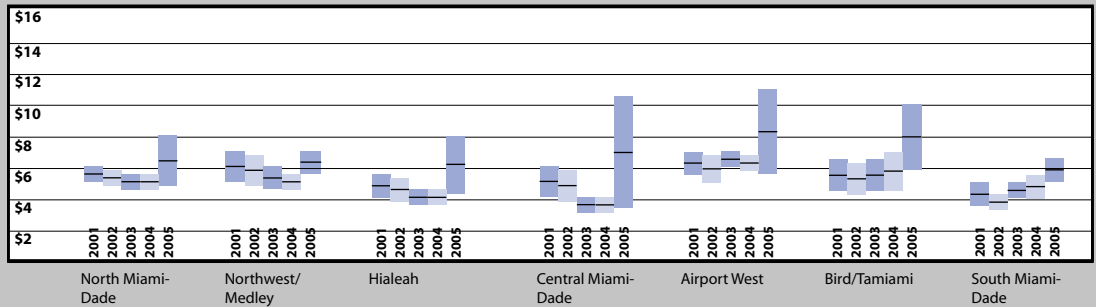
	RENTAL MARKET					SALES MARKET				
	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE BUILDING SF	AVERAGE RENTAL RATE/SF	VACANCY RATE	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
2005	4	81,000	20,250	\$5.00-6.00	12%					
2004						14	420,000	30,000	\$17,430,000	\$41.50
2003						8	320,000	40,000	\$11,420,000	\$35.69

Chart Data

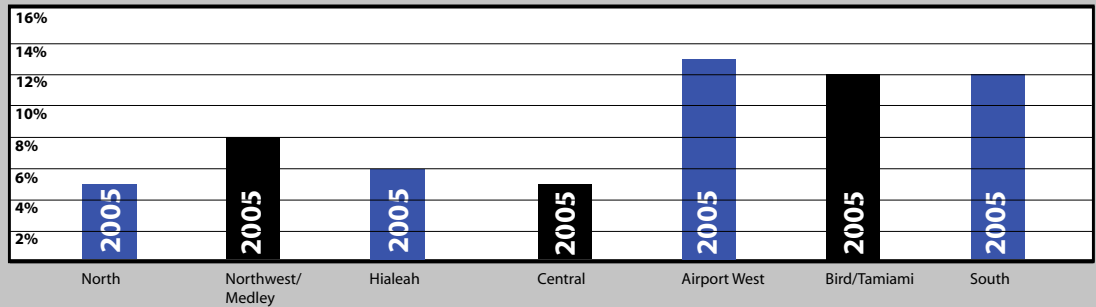
Summary of Market Activity

MAP REGION	AVAILABLE FOR LEASE			INDUSTRIAL PROPERTIES OVER 10,000 SF SOLD IN 2004				
	NO OF AVAILABLE BUILDINGS	TOTAL SF	AVERAGE SF	NUMBER OF BUILDINGS SOLD	TOTAL SF	AVERAGE BUILDING SF	TOTAL SALES	AVERAGE \$/SF
North	48	1,370,000	28,500	39	1,850,000	47,400	\$78,000,000	\$42.16
NW	98	2,126,000	21,700	35	1,890,000	54,000	\$95,740,000	\$50.66
Hialeah	53	1,252,000	23,600	45	1,810,000	40,200	\$80,860,000	\$44.67
Central	52	1,180,000	22,700	43	980,000	22,800	\$50,800,000	\$51.84
Airport	215	6,300,000	29,300	58	3,220,000	55,500	\$184,120,000	\$57.18
Bird/T	53	883,000	16,700	17	570,000	33,500	\$29,590,000	\$51.91
South	4	81,000	20,250	14	420,000	30,000	\$17,430,000	\$41.50
Total	523	13,192,000	25,200	251	10,740,000	42,800	\$536,540,000	\$49.96

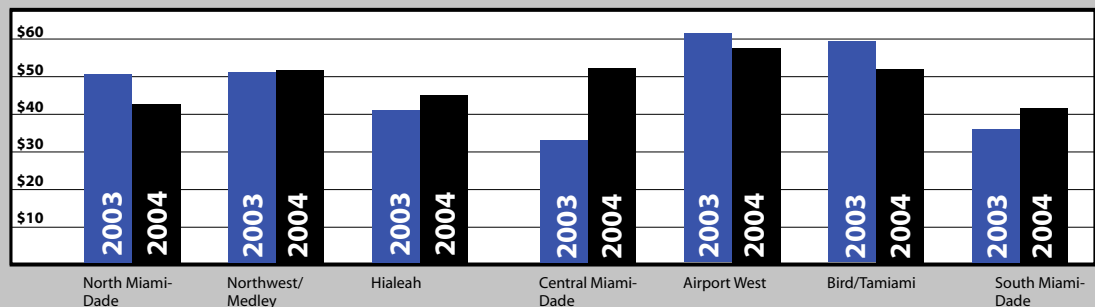
2005 Rental Rates Per SF



Vacancy Rates



Average Sale Prices Per SF



Historical Findings of the Industrial Market Report

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.

2000

- The supply and demand of industrial space continues to remain in balance.
- New development is occurring in NW/Medley and North Dade because of lower land prices.
- Older buildings are being renovated due to high costs of new construction.
- The value of commodities traded has increased and tonnage of freight has declined.

1999

- Most regions have balanced levels of supply and demand.
- Buildings in newer industrial parks command the highest rental rates.
- Significant increases in the tonnage of goods shipped through the Port of Miami, with stable trends at Miami International Airport.
- Industrial employment is shifting from manufacturing to wholesale trade and distribution.
- Older less functional buildings are experiencing lower rental rates and higher vacancies.

1998

- The increase in supply of industrial warehouse product continues to remain constant at approximately three million square feet per year.
- The demand for industrial warehouse space has increased relative to the supply, resulting in stable rental rates.
- There has been a significant increase in the dollar value of trade in machinery.
- There has been a continued increase in the total tonnage of goods and dollar value through Miami International Airport and the Port of Miami.
- The overall industrial market continues to be stable with adequate levels of supply and demand.

1997

- Dade County's industrial market continues to be strong.
- Rental Rates in each region are either increasing or stable.
- Areas in the northwest portion of Dade County are experiencing the most growth & expansion.
- Airport West region is the largest, fastest growing region.
- The outlook for Dade County's industrial market is considered favorable.

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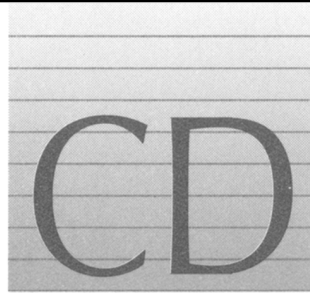
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