

Industrial Real Estate Market Q4 2024 // South Florida

ComReal IS Commercial Real Estate

Contact:

Industrial Team

786-433-2380 // IndustrialTeam@ComReal.com



South Florida Report Summary

Miami-Dade

Inventory (SF): 276.4 M
Vacancy: 5.3%
Lease Rate: \$20.41/SF
Sale Price: \$258/SF
Under Construction (SF): 4.1M

Broward

Inventory (SF): 143.1 M
Vacancy: 4.8%
Lease Rate: \$20.47/SF
Sale Price: \$243/SF
Under Construction (SF): 1.4M

Palm Beach

Inventory (SF): 71.2 M
Vacancy: 6.0%
Lease Rate: \$17.89/SF
Sale Price: \$191/SF
Under Construction (SF): 1.5M

Data Source: CoStar

Miami-Dade Industrial Market Summary

The Miami industrial market's Q4 2024 vacancy rate rose to 5.3%, with an availability rate of 8.2% by the end of the quarter. The average gross lease rate was \$20.41 per square foot, one of the highest in the country. Net absorption in Miami's industrial market slowed to -275,193 square feet over the past 12 months, down from the five-year average of 4.5 million square feet. Net absorption in Miami's industrial market has slowed to -830,000 SF over the past year, with rising vacancies reaching 5.5% in Q1 2025 due to increased deliveries, particularly in properties between 100,000 and 250,000 SF. Despite this, Miami's limited industrial inventory and strong demand for smaller spaces have kept vacancy rates below the national average, with smaller bays under 50,000 SF leasing quickly and expected to support market resilience as supply pressures ease in 2025.

The 12-month sales volume is \$1,889,117,783, reflecting a 22.5% growth. Average pricing in Miami is \$258 per square foot, with an average market cap rate of 6%. Rising interest rates have pushed Miami's industrial sales volume to \$1.89 billion in the past 12 months, with institutional investors showing continued interest in newer, larger assets like the \$147 million portfolio acquisition at Miami Midway Park by Ares Industrial. Despite rising cap rates, now exceeding 6%, and fewer major transactions, the market remains resilient with strong long-term potential, highlighted by strategic investments like airport expansion projects and a growing share of owner-user purchases, which accounted for over 40% of recent trades.

Currently, there are 4,140,253 square feet of new construction underway, accounting for 1.5% of the inventory. Construction activity in Miami has slowed, with the 4.1 million SF underway as of Q1 2025 largely concentrated in the northwest submarkets where land costs are lower. While larger properties over 100,000 SF face leasing challenges, smaller multi-tenant spaces continue to see tighter availability and faster lease-ups, maintaining Miami's industrial market as one of the healthiest in the country with tight vacancies and strong rent growth.

From 2020 to 2022, Miami-Dade County experienced a \$9.5 billion influx of new wealth, driven by high-income residents from the Northeast and West, boosting consumption and employment growth. While real retail sales remain 10% above pre-pandemic levels, rising living costs, particularly shelter expenses, have led to domestic out-migration among lower-income households and created a critical shortage of affordable housing. Despite moderating inflation and stabilizing home prices, Miami faces a gap of 116,000 affordable units by 2030, compounded by forecasted job growth in lower-wage sectors, while continued relocations by high-income firms like Apple and JPMorgan highlight its appeal to affluent households in the medium term.

Broward Industrial Market Summary

The Ft. Lauderdale industrial market's Q4 2024 vacancy rate rose slightly to 4.8%, with an availability rate of 7.3% by the end of the quarter. The average gross lease rate was \$20.47 per square foot. Absorption has slowed since 2023, totaling -364,948 square feet annually, which has contributed to the increase in vacancies. Net absorption in the Fort Lauderdale industrial market has slowed significantly, reaching -700,000 SF annually in 2024, with vacancy rates rising to 5% due to tenant shifts toward newer, higher-quality spaces built since 2015. Despite increased vacancies in larger properties, tight conditions in smaller segments under 100,000 SF, which now hold sub-2% vacancy rates, continue to drive strong rent growth across all size categories, with limited supply expected to maintain competitive market dynamics through 2025.

As of the beginning of Q1 2025, there is 1,414,200 square feet of construction underway, accounting for 1% of the inventory. Construction activity in the Ft. Lauderdale industrial market has slowed, with only 1.41 million square feet underway in Q4 2024, down from a peak of 3.4 million square feet in early 2020. This is driven by a weaker economic environment and higher financing costs. While availability rates for new construction exceed 20%, tight vacancy rates of 5% for existing properties over 100,000 SF and limited supply additions are expected to support healthy leasing prospects in the near future.

The 12-month sales volume stands at \$1,054,080,661, reflecting a 7.6% growth in 12-month sales volume. Average pricing in Ft. Lauderdale is \$243 per square foot, with an average market cap rate of 6.7%. Sales volume in the Fort Lauderdale industrial market has returned to pre-pandemic levels, totaling \$1 billion over the past year, below the five-year average but showcasing continued institutional interest through large trades like Tishman Speyer's \$100 million acquisition of Rock Lake Business Center. Despite rising cap rates moderating pricing, investor demand remains

strong, with significant owner-user and portfolio transactions highlighting the long-term strength of the market and pricing gains of over 50% since 2019.

Fort Lauderdale’s robust labor market, with an unemployment rate below 3%, has driven income gains of over 25% since 2020, surpassing national averages and supporting economic activity despite a cooling in job growth. While the area has benefited from high-paying office jobs and international migration, significant cost-of-living increases, particularly in housing, have created challenges for lower-income residents, with 50% of households in South Florida falling below the ALICE threshold. Despite these pressures, Fort Lauderdale’s strategic location, business-friendly environment, and quality of life continue to attract new residents and bolster its economic outlook.

Palm Beach Industrial Market Summary

The Palm Beach industrial market’s Q4 2024 vacancy rate remained at 6%, with an availability rate of 8.8% by the end of the quarter. The average gross lease rate increased to \$17.89 per square foot. Market asking rent grew by 4.4%, reflecting sustained demand. The limited availability of existing space kept vacancies slightly below the U.S. average of 6.6%. While the demand for large spaces remains soft, the region’s growing consumer base and proximity to Broward and Miami-Dade suggest long-term potential for e-commerce and distribution tenants, with a return to market balance anticipated after 2025.

As of Q4 2024, approximately 1,522,780 square feet of industrial space, or 2.1% of the total inventory, was under construction. Construction activity in Palm Beach has remained robust, with 1.5 million SF underway as of Q1 2025, and deliveries expected to peak with 2 million SF in 2024 and 600,000 SF in 2025, leading to a projected vacancy rate peak of over 7%. Most under-construction properties are large assets over 100,000 SF, concentrated in key submarkets like Park at Broken Sound and Palm Beach Airport, where existing properties maintain high occupancy rates exceeding 85%.

The 12-month sales volume reached \$556.43 million, reflecting a 65.40% growth in annual sales. Average pricing in Palm Beach stood at \$191 per square foot, with a market cap rate of 6.7%. Rising interest rates have brought Palm Beach’s industrial sales volume back to pre-pandemic levels, totaling \$553 million annually, with private buyers now accounting for over 70% of transactions, up from 50% in prior years. While cap rates have increased to 5-6%, recent high-profile deals, such as Hillwood Development’s \$106 million purchase of an Amazon-leased distribution center, underscore continued investor interest in modern, well-leased assets despite softening market fundamentals.

Palm Beach is one of Florida’s wealthiest counties, with personal income levels 60% higher than the state average, driven by an influx of over \$16.3 billion in new wealth from 2020-2022 and a concentration of high-paying financial and professional jobs. While this wealth migration and job growth have boosted consumption and retail sales, the area faces challenges with elevated living costs, including a 70% increase in home prices and double-digit rent hikes since 2020.

Recent economic cooling has tempered housing cost growth and inflation, leading to positive real wage gains, but a significant portion of residents still struggle with affordability, with 50% falling below the ALICE threshold. Despite slowing population and employment growth, Palm Beach continues to attract high-profile companies like Goldman Sachs, bolstering its medium-term prospects for high-income job creation.

Top Sales & Leases (MDC)

Sales & Leases Source: CoStar

| <u>Top Sales</u> | Buyer | Size (SF) | Address | Sale Price |
|------------------|---------------------------------|-----------|-------------------|----------------------------|
| | The Easton Group TA Realty | 266,760 | 10701 NW 142nd St | \$58,287,500 (\$218.50/SF) |
| | *Longpoint Realty Partners | 216,516 | 1605 NW 159th St | \$42,833,360 (\$197.83/SF) |
| | Ali Ahmed | 190,707 | 14100 NW 60th Ave | \$38,250,000 (200.57/SF) |
| | *Ares Industrial Real Estate | 181,051 | 9535 NW 174th St | \$51,472,556 (284.30/SF) |
| | <i>*Part of Portfolio Sales</i> | | | |

| <u>Top Leases</u> | Tenant Name | Size (SF) | Address |
|-------------------|-----------------------------------|-----------|-------------------|
| | Geodis | 246,647 | 4395 W 88th St |
| | Cooper & Hunter | 95,356 | 11250 W 36th Ave |
| | UniUni Logistics, Inc. | 81,898 | 3075 NW 107th Ave |
| | Universal Tire International Corp | 50,000 | 8850 NW 33rd St |

ComReal's Top Q4 Deal



8115 NW 56th Street | Doral, FL

- **Size:** +/-11,600 SF
- **Land:** on +/- 0.90 acres
- **Sold Price:** \$5,100,000
- ComReal represented the seller

The ComReal Industrial Team, led by Edison Vasquez, SIOR, CCIM, is pleased to announce the sale of a fully leased industrial building located at 8115 NW 56th St in Doral, Miami-Dade County. The property sold for \$5,100,000 and includes a +/- 11,600 sq. ft. building on a +/- 38,994 sq. ft. (0.90 acre) lot.

"This sale highlights the strength of the industrial market in Doral and Miami-Dade. Freestanding industrial buildings of this size are very rare in Doral. Our client had owned this property for over 40 years, showcasing how owning high-quality buildings in prime locations is a winning strategy over time," emphasized Edison Vasquez.

ComReal's Top Sales of 2024

The ComReal Industrial Team brokered **3 of the top 10 owner/user sales** in Miami-Dade County in 2024



Address: 12800 NW 113th Ct
Size: 21,707 SF
Sale Price: \$15,500,000
#5 in top sales in MDC
ComReal represented the seller



Address: 8375 NW 56th St
Size: 21,334 SF
Sale Price: \$8,875,000
#9 in top sales in MDC
ComReal represented the seller



Address: 3680 NW 73rd St
Size: 48,000 SF
Sale Price: \$7,650,000
#10 in top sales in MDC
ComReal represented the seller

ComReal's Featured Listing

10410 NW S River Drive | Medley, FL 33178

- +/-16,198 SF cross dock terminal
- +/- 4.5 acres
- +/- 2,000 SF office
- 45 truck doors
- Available for Lease



Industrial Team

Founded in 1979, ComReal is a full-service commercial real estate firm based in South Florida. Leading the Industrial division for ComReal is the Miami Industrial Team, specializing in the Sales and Leasing of Industrial Properties. Consisting of highly trained and credentialed professionals, our team is comprised of experts dedicated to delivering exceptional results to clients. With nearly 80 years of combined experience, we assist business owners and investors in selling, leasing, and purchasing industrial properties. Our specialties encompass a wide range of industrial real estate, including Industrial Outdoor Storage (IOS), Dry and Refrigerated warehouses, Manufacturing facilities, Rail served, and Foreign Trade Zone Warehouses.

Contact us to find out how our Team can help you and your business.

For Over 40 Years, ComReal IS Commercial Real Estate.



ComReal Miami - Doral, LLC

3470 NW 82nd Avenue, Suite 605. Doral, FL 33122

786-433-2380 | IndustrialTeam@ComReal.com | www.MiamiIndustrialTeam.com

