

Miami-Dade County Industrial Market Report

2004

The Official IADC Annual Report on Industrial Market Conditions



Summary

- **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.**

2004 IADC Annual Industrial Market Report Committee

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Edward P. Lyden --- CB Richard Ellis

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

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Purpose of The Industrial Association of Dade County

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:

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Highlights by Geographic Region

North Miami-Dade

From 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.

- 16215 NW 15th Ave, 137,314 SF Lot with 63,683 SF Building for \$2.7M (\$42.40/SF). Closed in February of 2003.
- 3505 NW 107th St, 261,360 SF Lot with 110,754 SF Building for \$3.8M (\$34.31/SF). Closed in January of 2003.

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.

- 12600 NW 107th Ave, 235,226 SF Lot with 49,043 SF Building for \$3.525M (\$71.88/SF). Closed in March of 2003.
- 9350 NW 108th Ave, 722,100 SF Lot with 300,800 SF Building for \$11.9M (\$39.56/SF). Closed in September of 2003.

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.

- 7295 NW 64th St, 84,370 SF Lot with 49,420 SF Building for \$2.0M (\$40.47/SF). Closed in April of 2003.
- 4340 E 11th Ave, 39,600 SF Lot with 27,126 SF Building for \$731K (\$26.96/SF). Closed in May of 2003.

Central Miami-Dade

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.

- 4201 NW 37th Ave, 57,934 SF Lot with 22,200 SF Building for \$1.1M (\$49.55/SF). Closed in June of 2003.
- 5400 NW 32nd Ave, 188,067 SF Lot with 120,001 SF Building for \$3.1M (\$25.83/SF). Closed in February of 2003.

Airport West

NW 58th Street to State Road 836, 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.

- 3353 NW 74th Ave, 153,277 SF Lot with 66,221 SF Building for \$2.8M (\$42.28/SF). Closed in May of 2003.
- 2150 NW 70th Ave, 46,173 SF Lot with 28,605 SF Building for \$1.36M (\$47.54/SF). Closed in March of 2003.

Bird/Tamiami

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

The northern area; "Bird 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.

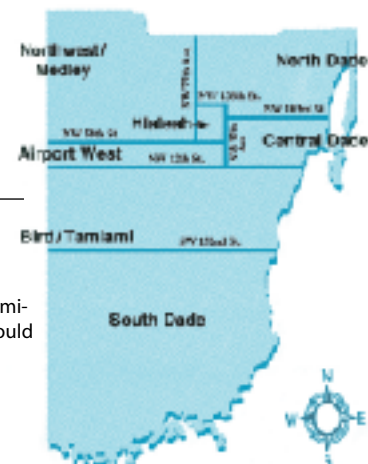
- 7007 N Waterway, 165,438 SF Lot with 85,299 SF Building for \$3.4M (\$39.86/SF). Closed in January of 2003.
- 8760 SW 132nd St, 27,377 SF Lot with 15,968 SF Building for \$1.325M (\$82.98/SF). Closed in January of 2003.

South Miami-Dade

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.

- 10400 SW 187th St, 21,000 SF Lot with 12,470 SF Building for \$510K (\$40.90/SF). Closed in March of 2003.
- 30 SW 12th St, 92,508 SF Lot with 22,347 SF Building for \$750K (\$33.56/SF). Closed in January of 2003.



2004 Market Trends

	2003	2002	2001	2000	1999
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Supply of Industrial Space in SF

North Dade	29.814M	29.611M	29.219M	28.966M
NW/Medley	25.609M	24.600M	22.477M	21.221M
Hialeah	23.348M	22.608M	22.533M	22.462M
Central Dade	23.160M	22.400M	22.319M	22.273M
Airport West	48.423M	47.480M	46.455M	45.031M
Bird/Tamiami	6.793M	6.381M	5.923M	5.713M
South Dade	6.832M	6.292M	6.285M	6.272M
Totals	162.143M	159.372M	155.211M	151.938M

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 1999, 2000, 2001, 2002.

Annual Increase in Industrial Space

North Dade	203,000	392,000	253,000	161,000
NW/Medley	1,009,000	2,123,000	1,256,000	1,043,000
Hialeah	74,000	75,000	71,000	982,000
Central Dade	76,000	81,000	46,000	67,000
Airport West	943,000	1,025,000	1,424,000	2,200,000
Bird/Tamiami	412,000	458,000	210,000	165,000
South Dade	54,000	7,000	13,000	56,000
Totals	2,771,000*	4,161,000	3,273,000	4,674,000

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 1999, 2000, 2001, 2002. * 192 warehouse condos with a total of 323,000 SF.

Distribution of Space

North Dade	18%	19%	19%	19%
NW/Medley	16%	15%	14%	14%
Hialeah	14%	14%	15%	15%
Central Dade	14%	14%	14%	15%
Airport West	30%	30%	30%	29%
Bird/Tamiami	4%	4%	4%	4%
South Dade	4%	4%	4%	4%
Totals	100%	100%	100%	100%

Based on information from the Miami-Dade County Property Appraiser's Office, the distribution of industrial space was tabulated in square feet for each region for the years 1999, 2000, 2001, 2002.

Industrial Employment

Manufacturing	55,800	57,100	60,900	66,800	70,800
Trucking & Warehousing	63,300	67,700	69,900	71,400	71,600
Wholesale Trading	70,800	70,500	70,900	68,500	67,200
Totals	189,900	195,300	201,700	206,700	209,600

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

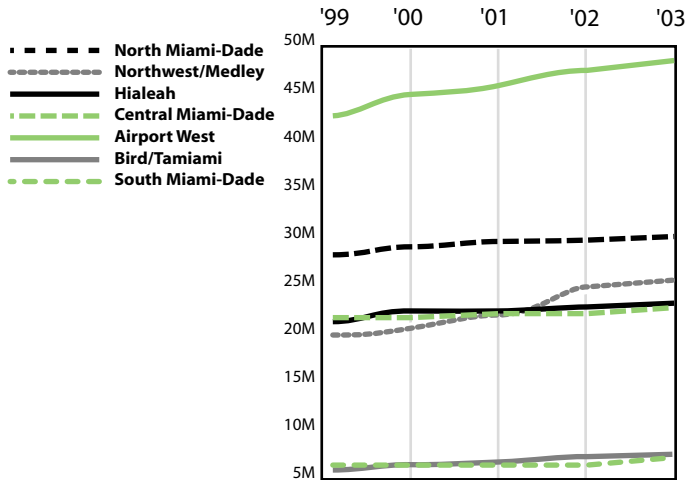
Total Freight

Miami Intl' Airport	*1.75M	*1.7M	1.8M	1.8M	1.5M
Port of Miami	*9.0M	*8.7M	8.2M	7.8M	6.9M

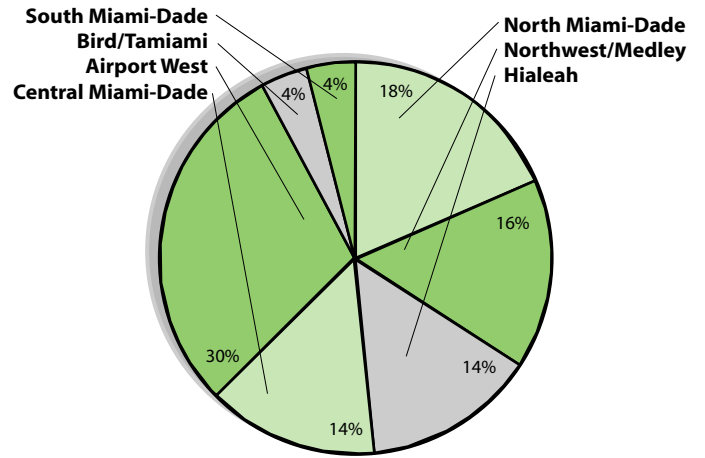
* Projected statistics for fiscal year 2003. Sources: Route Development D.C.A.D. Data Miami Aviation Statistics Accounting D.C.A.D. Projections Route Development Division, December 2003 and Metropolitan Miami-Dade County Florida Seaport Department.

Chart Data

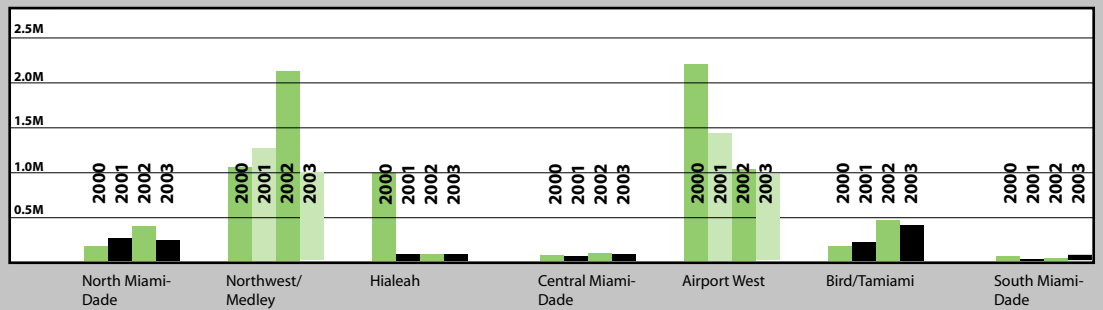
Supply of Industrial Space



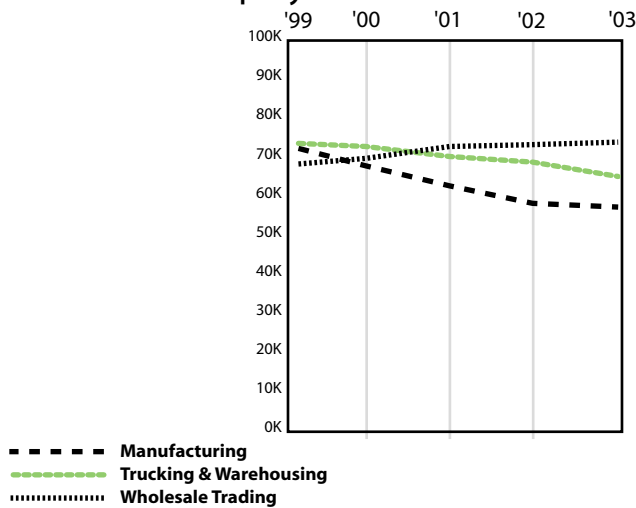
Distribution Of Industrial Space



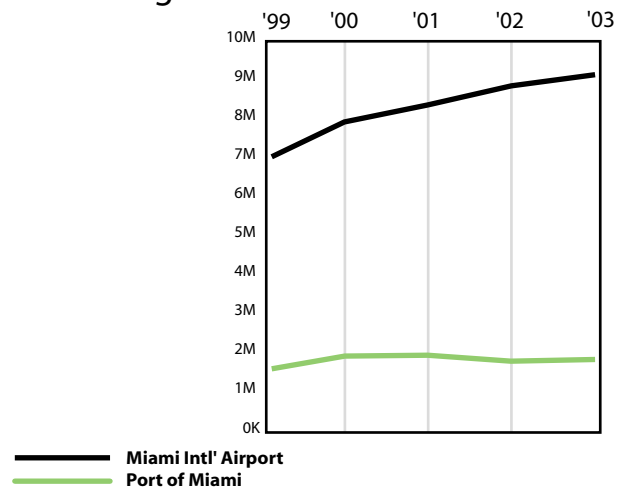
Annual Increase in Industrial Space



Industrial Employment



Total Freight



The first annual Industrial Market Report was presented at a monthly breakfast meeting in February 1996 by the Industrial Association of Dade County. This 450 member strong professional organization was founded in 1980, and proudly represents industrial interests in Miami-Dade County.

2004 Market Conditions

	<i>Year</i>	<i>Rental Rates</i>	<i>Land Prices</i>	<i>Sale Prices</i>	<i>Vacancy Rates</i>	<i>Dock Height/Street Level</i>	<i>% Office</i>	<i>Demand</i>	<i>Supply</i>
North Miami-Dade	2004	\$4.50-5.50	\$5.00-6.00	\$30 - 35	8 - 10%	75% 25%	10%	(-)	=
	2003	\$4.50-5.50	\$5.00-6.00	\$30 - 35	5 - 8%	75% 25%	10%	+	+
	2002	\$4.75-5.75	\$5.00-6.00	\$35 - 40	8 - 10%	75% 25%	10%	(-)	=
	2001	\$5.00-6.00	\$5.00-6.00	\$35 - 40	5 - 8%	75% 25%	10%	+	=
	2000	\$5.00-6.00	\$5.00-6.00	\$35 - 40	5 - 8%	75% 25%	10%	+	+

	<i>Year</i>	<i>Rental Rates</i>	<i>Land Prices</i>	<i>Sale Prices</i>	<i>Vacancy Rates</i>	<i>Dock Height/Street Level</i>	<i>% Office</i>	<i>Demand</i>	<i>Supply</i>
Northwest/Medley	2004	\$4.50-5.50	\$6.00-9.00	\$30 - 40	8 - 10%	70% 30%	10%	=	=
	2003	\$4.50-6.00	\$6.00-9.00	\$30 - 40	8 - 10%	70% 30%	10%	(-)	+
	2002	\$4.75-6.75	\$5.50-7.50	\$35 - 55	5 - 8%	70% 30%	10%	(-)	+
	2001	\$5.00-7.00	\$5.50-7.50	\$35 - 55	3 - 5%	70% 30%	10%	+	+
	2000	\$5.00-6.00	\$5.00-6.00	\$35 - 40	8 - 10%	75% 25%	10%	+	+

	<i>Year</i>	<i>Rental Rates</i>	<i>Land Prices</i>	<i>Sale Prices</i>	<i>Vacancy Rates</i>	<i>Dock Height/Street Level</i>	<i>% Office</i>	<i>Demand</i>	<i>Supply</i>
Hialeah	2004	\$3.50-4.50	\$4.00-5.50	\$25 - 35	5 - 8%	75% 25%	8%	=	=
	2003	\$3.50-4.50	\$4.00-5.50	\$25 - 35	5 - 8%	75% 25%	8%	+	=
	2002	\$3.75-5.25	\$4.00-5.50	\$25 - 35	8 - 10%	70% 30%	8%	(-)	=
	2001	\$4.00-5.50	\$4.00-5.50	\$25 - 35	5 - 8%	70% 30%	8%	=	=
	2000	\$4.00-5.50	\$4.00-5.50	\$25 - 35	5 - 8%	75% 25%	8%	+	=

	<i>Year</i>	<i>Rental Rates</i>	<i>Land Prices</i>	<i>Sale Prices</i>	<i>Vacancy Rates</i>	<i>Dock Height/Street Level</i>	<i>% Office</i>	<i>Demand</i>	<i>Supply</i>
Central Miami-Dade	2004	\$3.00-4.00	\$5.00-6.00	\$25 - 35	5 - 8%	20% 80%	8%	=	=
	2003	\$3.00-4.00	\$5.00-6.00	\$20 - 30	8 - 10%	20% 80%	8%	(-)	=
	2002	\$3.75-5.75	\$5.00-6.00	\$30 - 40	8 - 10%	20% 80%	8%	(-)	=
	2001	\$4.00-6.00	\$5.00-6.00	\$30 - 40	5 - 8%	20% 80%	8%	+	=
	2000	\$2.50-3.50	\$3.00-4.00	\$15 - 25	8 - 10%	20% 80%	8%	+	=

	<i>Year</i>	<i>Rental Rates</i>	<i>Land Prices</i>	<i>Sale Prices</i>	<i>Vacancy Rates</i>	<i>Dock Height/Street Level</i>	<i>% Office</i>	<i>Demand</i>	<i>Supply</i>
Airport West	2004	\$5.75-6.75	\$12.00-15.00	\$60 - 80	10 - 12%	80% 20%	18%	(-)	=
	2003	\$6.00-7.00	\$8.00-12.00	\$50 - 75	10 - 12%	80% 20%	18%	(-)	+
	2002	\$5.00-6.75	\$8.00-13.00	\$55 - 70	10 - 12%	80% 20%	18%	(-)	+
	2001	\$5.50-7.00	\$8.00-13.00	\$55 - 70	8 - 10%	80% 20%	18%	+	+
	2000	\$5.50-7.00	\$8.00-13.00	\$55 - 70	10 - 12%	80% 20%	18%	+	+

	<i>Year</i>	<i>Rental Rates</i>	<i>Land Prices</i>	<i>Sale Prices</i>	<i>Vacancy Rates</i>	<i>Dock Height/Street Level</i>	<i>% Office</i>	<i>Demand</i>	<i>Supply</i>
Bird/Tamiami	2004	\$4.50-7.00	\$5.00-7.00	\$35 - 50	5 - 8%	10% 90%	15%	=	=
	2003	\$4.50-6.50	\$4.00-5.00	\$35 - 45	5 - 8%	10% 90%	15%	(-)	+
	2002	\$4.25-6.25	\$4.00-6.00	\$35 - 45	8 - 10%	10% 90%	15%	(-)	+
	2001	\$4.50-6.50	\$4.00-6.00	\$35 - 45	8 - 10%	10% 90%	15%	=	=
	2000	\$4.50-6.50	\$4.00-6.00	\$35 - 45	8 - 10%	10% 90%	15%	=	+

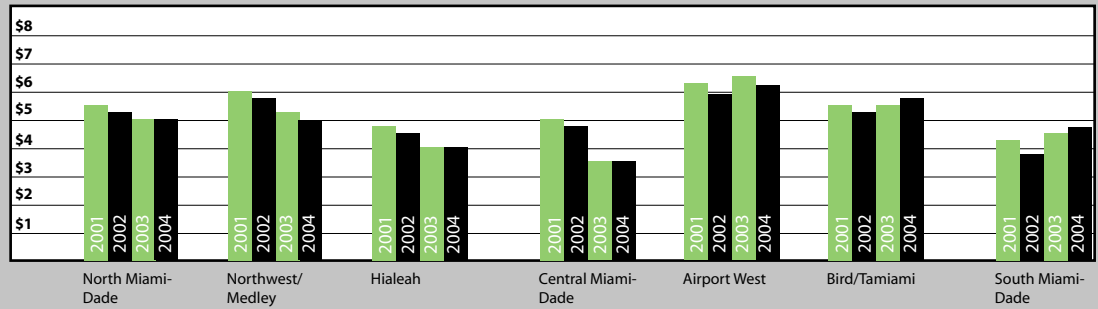
	<i>Year</i>	<i>Rental Rates</i>	<i>Land Prices</i>	<i>Sale Prices</i>	<i>Vacancy Rates</i>	<i>Dock Height/Street Level</i>	<i>% Office</i>	<i>Demand</i>	<i>Supply</i>
South Miami-Dade	2004	\$4.00-5.50	\$4.00-5.50	\$25 - 35	10 - 12%	5% 95%	10%	=	=
	2003	\$4.00-5.00	\$4.00-5.00	\$20 - 30	10 - 12%	5% 95%	10%	(-)	=
	2002	\$3.25-4.25	\$3.50-5.00	\$25 - 30	10 - 20%	5% 95%	10%	(-)	=
	2001	\$3.50-5.00	\$3.50-5.00	\$25 - 30	15 - 18%	5% 95%	10%	(-)	=
	2000	\$3.50-5.00	\$3.50-5.00	\$25 - 30	15 - 18%	5% 95%	10%	(-)	=

Chart Data

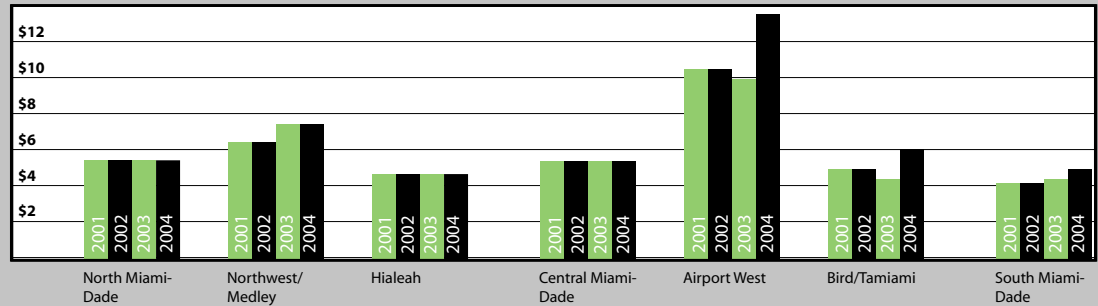
Summary of Trends

	Supply	Demand	Rental Rates	Land Prices	Sales Prices
North Miami-Dade	↔	↓	↔	↔	↔
Northwest/Medley	↔	↔	↓	↔	↔
Hialeah	↔	↔	↔	↔	↔
Central Miami-Dade	↔	↔	↔	↔	↑
Airport West	↔	↓	↓	↑	↑
Bird/Tamiami	↔	↔	↑	↑	↑
South Miami-Dade	↔	↔	↑	↑	↑

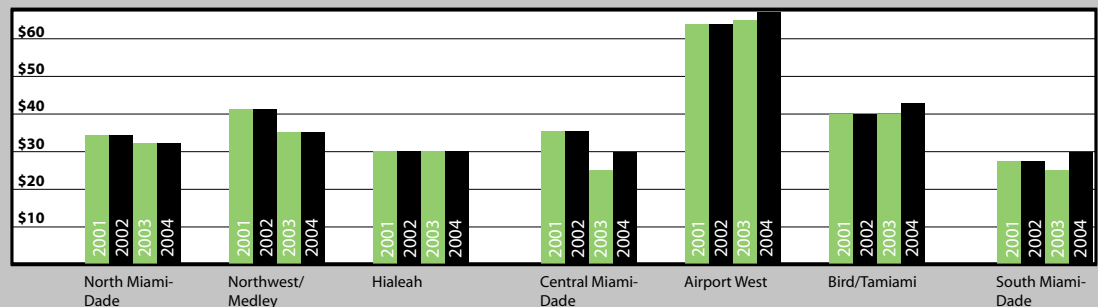
Rental Rates



Land Prices



Sale Prices



Historical Findings of the Industrial Market Report

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.