

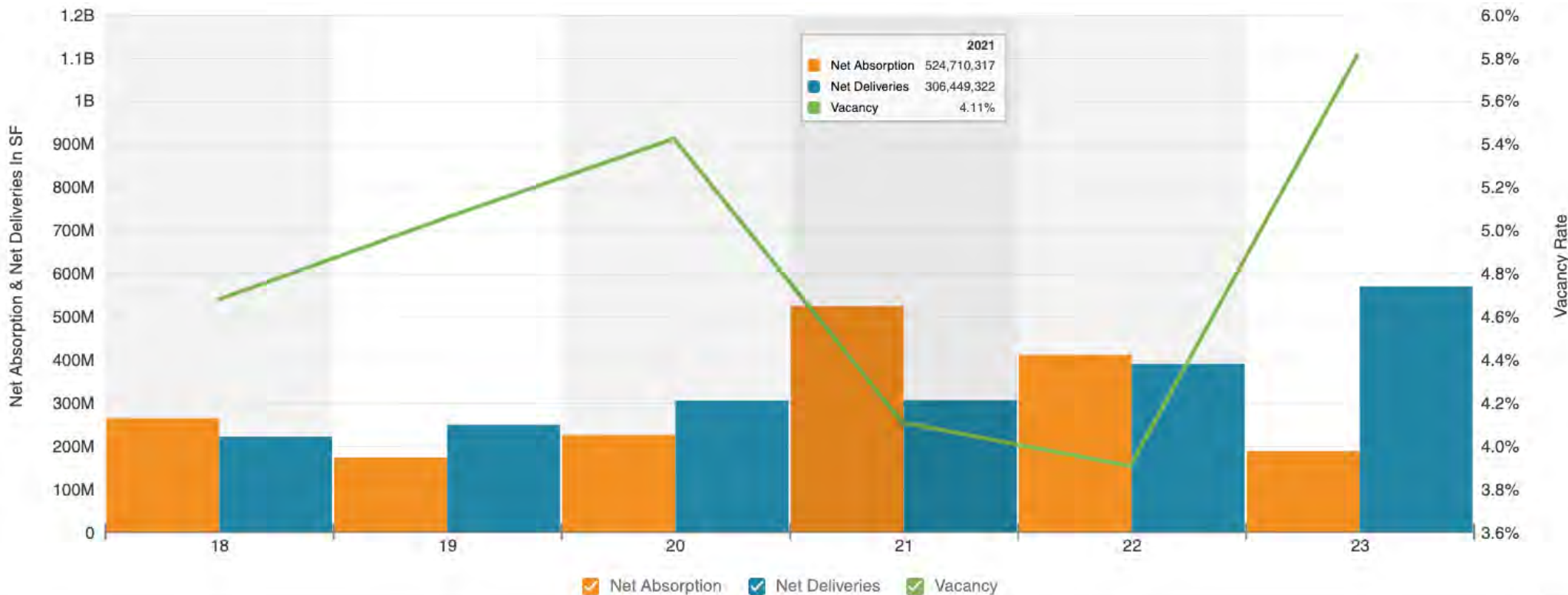
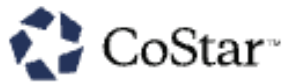
INDUSTRIAL OVERVIEW – AGENDA

- I. What exactly happened in 2021 and 2022?
- II. Where are we now, in the end of 2023?
- III. Where might we be headed into the coming years?
- IV. How can a REALTOR find ways to successfully transact in this environment?

BUZZWORD

TRIVIA

NATIONAL PERSPECTIVE(2021)- Deliveries, Absorption, Vacancy



What percentage of total absorption was Amazon in 2021?



amazon

S. FLORIDA PERSPECTIVE (2022)- MARKET ENVIRONMENT

- 1. Unprecedented Market Growth** - The post-Covid boom experienced by the industrial sector across the nation was perhaps most evident in Miami. On the ground level, we saw **back to back years with over 20% rent growth** and net absorption numbers that nearly tripled our historical average. Cap rates compressed to the low 4's and in some cases below that, as investment groups of all sizes sought to either plant a flag in Miami or expand their portfolios.
- 2. Low Cap Rates, in spite of rising Interest Rates** - As the market shifted with rising interest rates into the second half of 2022 and the capital markets repriced, Miami continued to benefit from excellent tenant demand for space. As compared to other markets across the country, this resulted in continued rent growth that kept cap rates below 5. As mentioned previously, the ability to capture such a large delta in income from renewing or new tenants resulted in a few sales where the in place cap was still in the 4's. This continues to be evident, as the product that is currently experiencing the best pricing are portfolio sales with **low WALTs** and the ability to stabilize at yields above 6% in the next 5 years. **BUZZWORD**
- 3. Demand for IOS/ISF** - Another relevant trend in the market was the demand for Industrial Outdoor Storage (IOS) space. With developers absorbing as much vacant land as possible, many storage sites were repurposed and essentially removed from the market while the demand for storage also increased. Investment groups soon realized that with land achieving NNN figures approaching and exceeding \$5/SF, redevelopment was not the only option and desired returns could be achieved with much less cost but creating purpose built IOS facilities. **BUZZWORD**

Entering 2023...

Existing Tenants

Brokers

Landlords

'Sidelined'
Investors

60+ year old
buildings

Private Owners

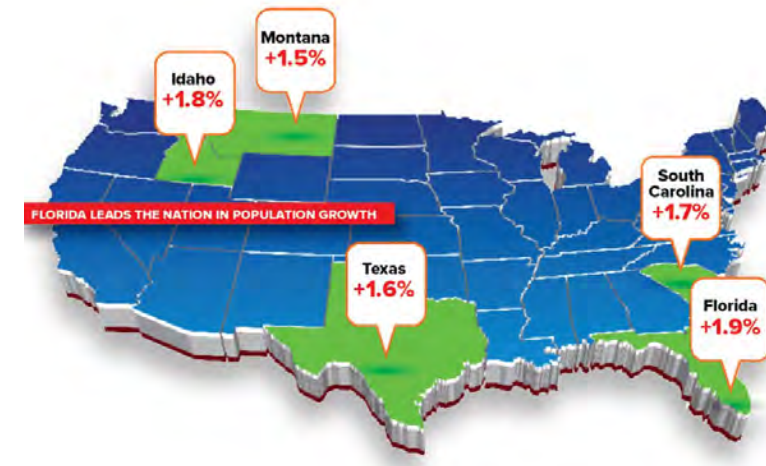
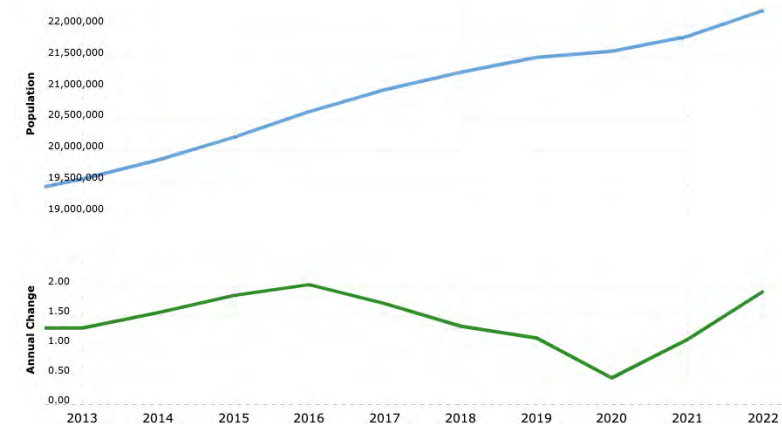
New-to-Market Tenants



SOUTH FLORIDA FUNDAMENTALS– 2023

- Population:
 - Florida has now become the fastest growing state since 1957 and in the past 10 years, South Florida has experienced a 10.3% increase. →
 - Currently at 6.2M, the SFL population is expected to reach 7.6M by 2045, a 25% increase.
 - Also according to the U.S. Census Bureau, from 2019 to 2022 Greater Miami was also the No. 1 city for inbound moves in the country.
 - Historically, it has been stated that the most critical factor for industrial demand is population growth in South Florida, with the “magic number” being that 77 SF is needed for every person that moves into the area. →

Florida Population Growth




SOUTH FLORIDA FUNDAMENTALS– 2023

LOCAL NEWS >

Report: Miami-Dade losing more residents than gaining

CBS NEWS MIAMI BY IVAN TAYLOR
UPDATED ON: AUGUST 1, 2023 / 11:22 PM / CBS MIAMI

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4 CBS NEWS MIAMI
MARATHON TUE 90° WED 92° THU 91°

FIRST POPULATION DROP IN DECADES

More

Steady do
streets hav
Broward s

Sunny, bre
Florida as

Victim's si
after MDP

Excerpts from NBC and CBS Reports

- *"The people who are moving out, whether individuals or families are more in the middle class-spectrum."*
- *"Home prices are the number one reason for the exodus... 61% of the rental population was spending 30% or more of their income on housing."*
- *"These population losses are also due the the decrease in immigration from Latin America."*

2023 COMMERCIAL CONFERENCE



SOUTH FLORIDA FUNDAMENTALS- 2023

ONLY DISTRICT IN THE NATION TO HAVE A CONTINUOUS TRADE SURPLUS FOR OVER TWO DECADES



SFL Economic Engines

- **MIA** - Post-Covid, became the nation's busiest airport and 11th busiest in the world. MIA ranks #1 in the nation in regards to international freight and #3 in cargo traffic. **83% of all imports and 79% of all exports between the US and Latin America flow through MIA.**
- **Port Miami** - Currently handling over 1.1M TEUs and experienced a tremendous 18% increase in volume in recent years. The Port contributes and estimated \$43B to the economy.
- **Port Everglades** - Also one of the nation's leading ports, it handles 1.1M TEUs and has continued to grow in regards to efficiency and total volume



What percentage of cargo that comes into Port Everglades has Miami as its final destinations?

2023 COMMERCIAL CONFERENCE

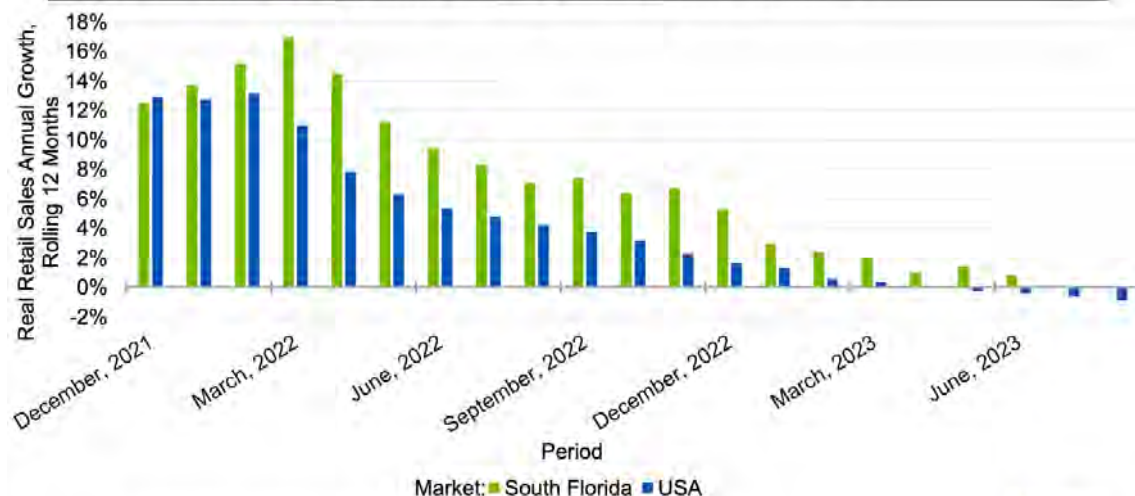


SOUTH FLORIDA FUNDAMENTALS- 2023



evident on both retail and trade fronts

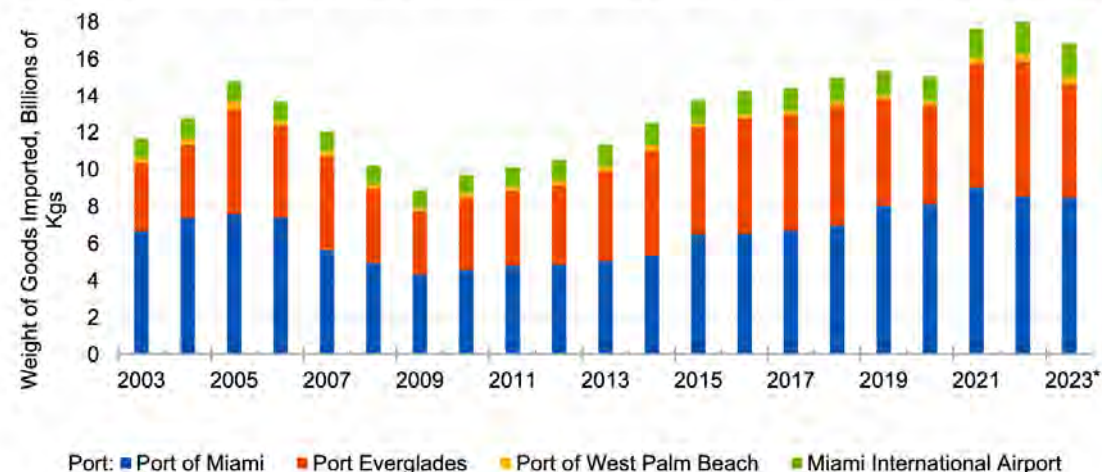
South Florida Real Retail Sales Growth Has Slowed



Sources: Florida Department of Revenue, BLS, Federal Reserve Bank of St. Louis, CoStar, August 2023
Note: South Florida retail sales available through June 2023.



Import Activity Through South Florida Ports Peaked in 2022



Sources: US Census, CoStar, July 2023
Note: Analysis limited to container and air imports by weight.
*2023 annual figure is an estimate based on import totals through July 2023.



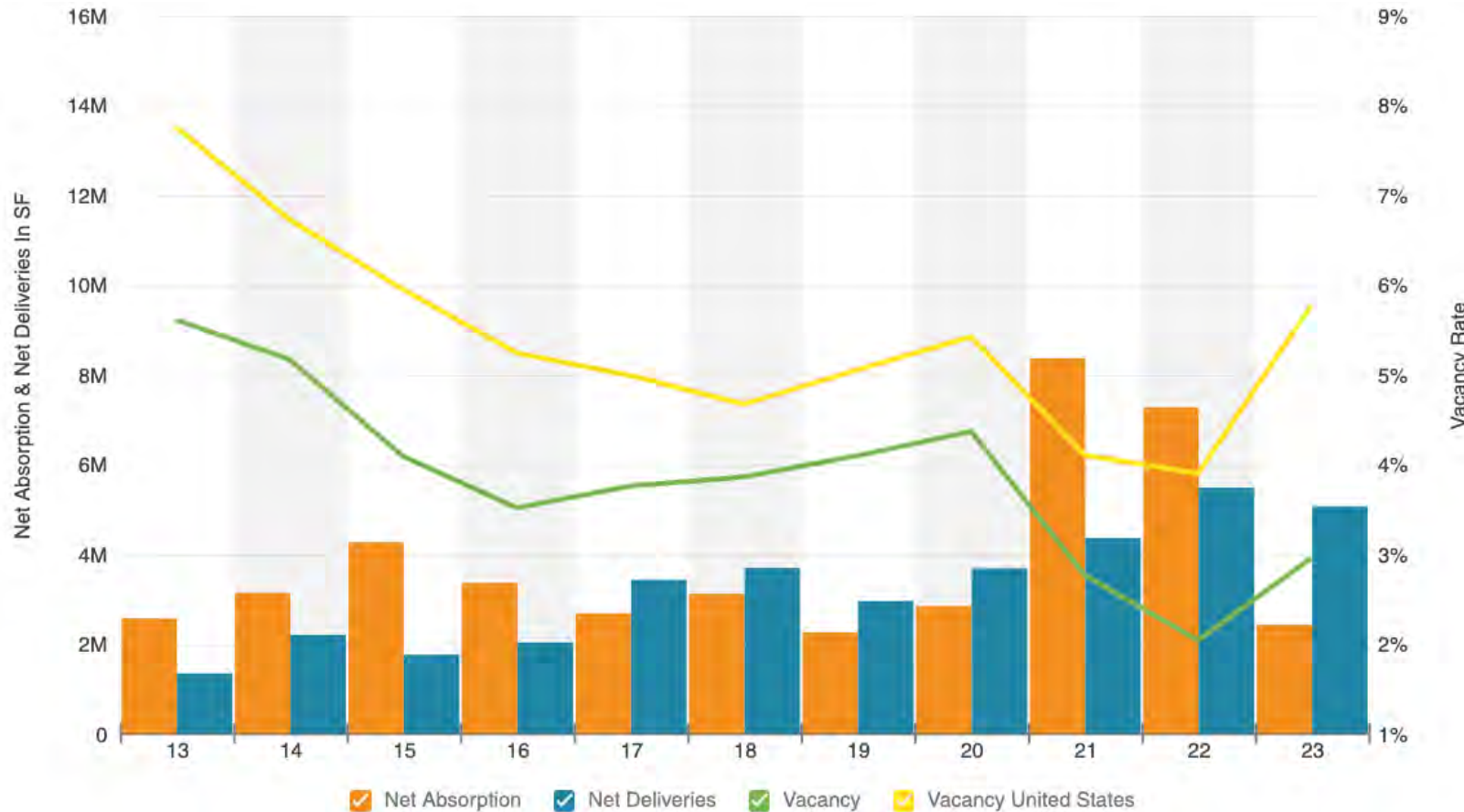
What does TEU stand for?



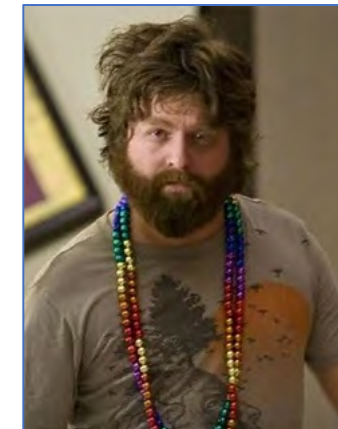
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MIAMI PERSPECTIVE(2023)- Deliveries, Absorption, Vacancy



We are currently tracking, 8M+ SF coming online in the next 12-18 months that is not leased (11.2M SF being built total).

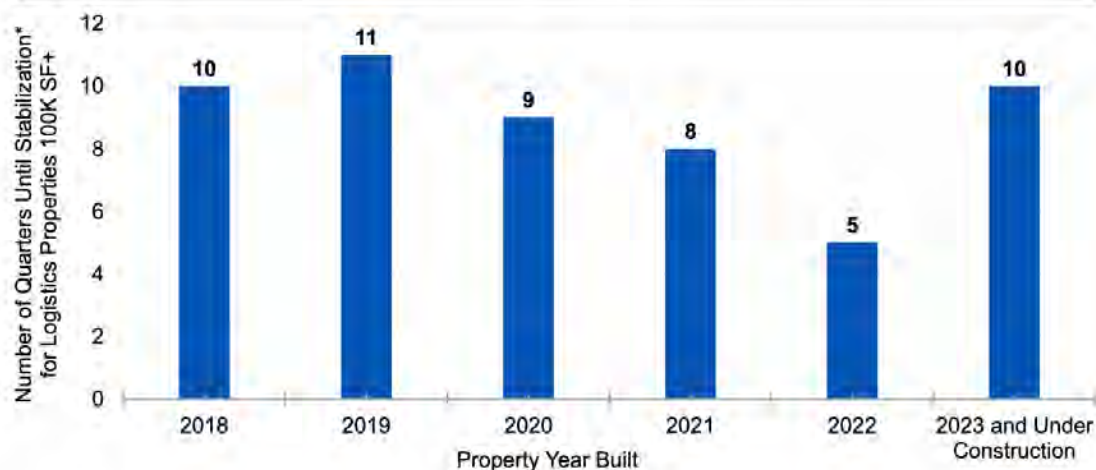


Should we be concerned?

MIAMI PERSPECTIVE(2023)

“More time on the market”

Newer Properties Will Take Longer to Reach Stabilization in South Florida

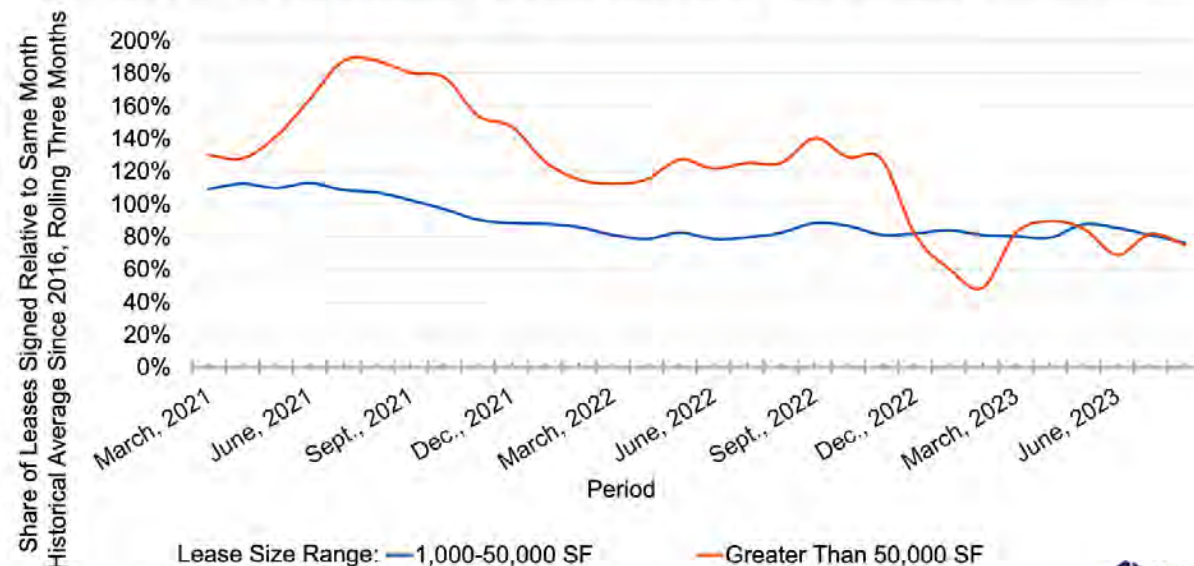


*Stabilization assumed at 90%+ occupancy rate.
Source: CoStar, June 2023.

CoStar

“Back to normal tenant size”

South Florida Industrial Big Box Leasing Slowdown Continues



Mahi-Mahi



VS.



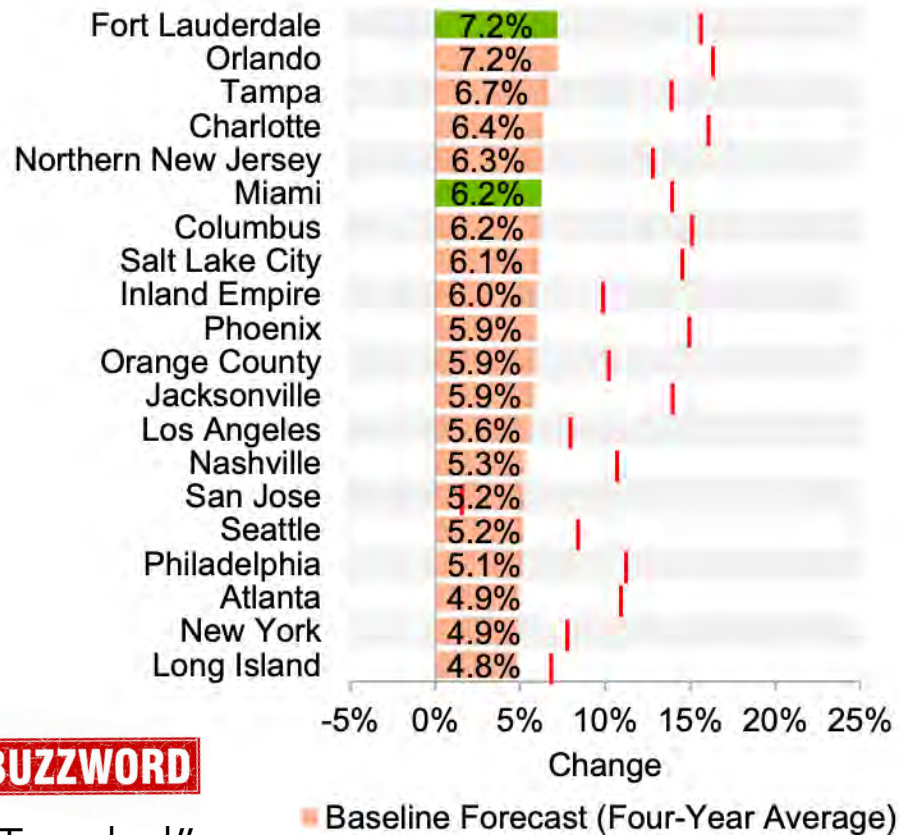
Marlin

2023 COMMERCIAL CONFERENCE



MIAMI PERSPECTIVE(2023)

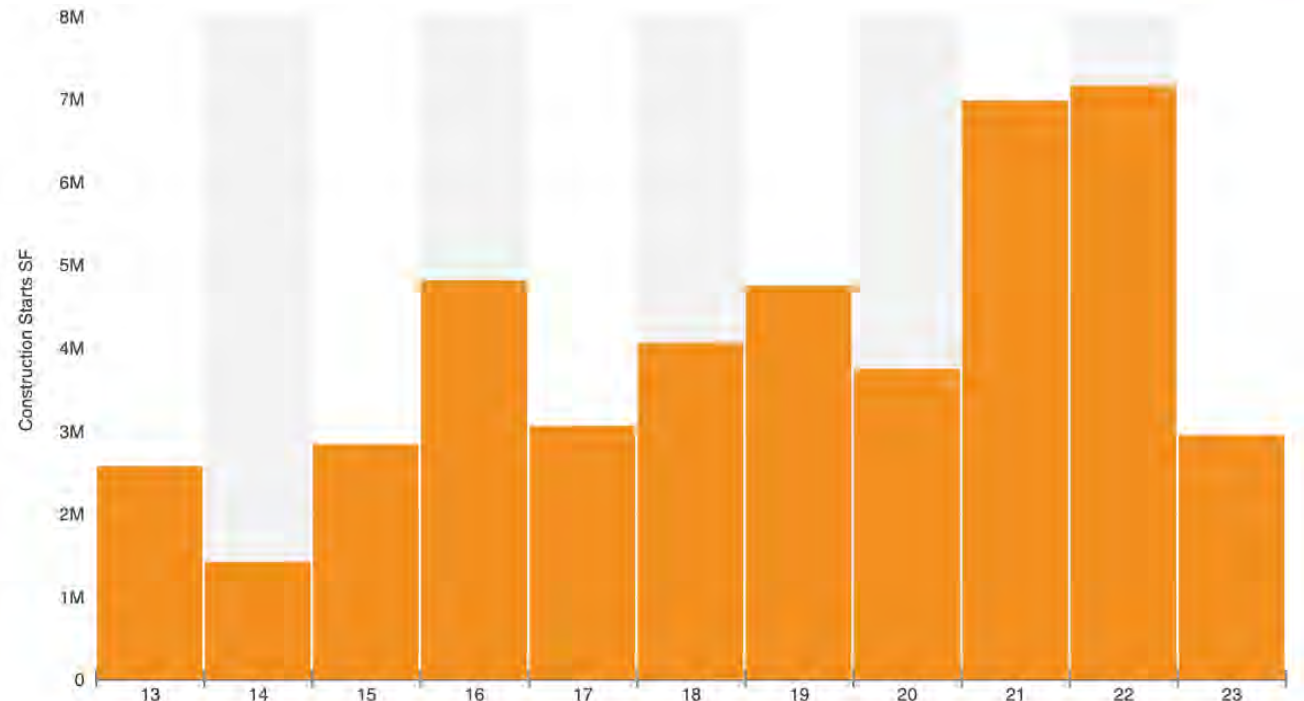
"Rent growth will slow, but not go down"



BUZZWORD

"Trended"

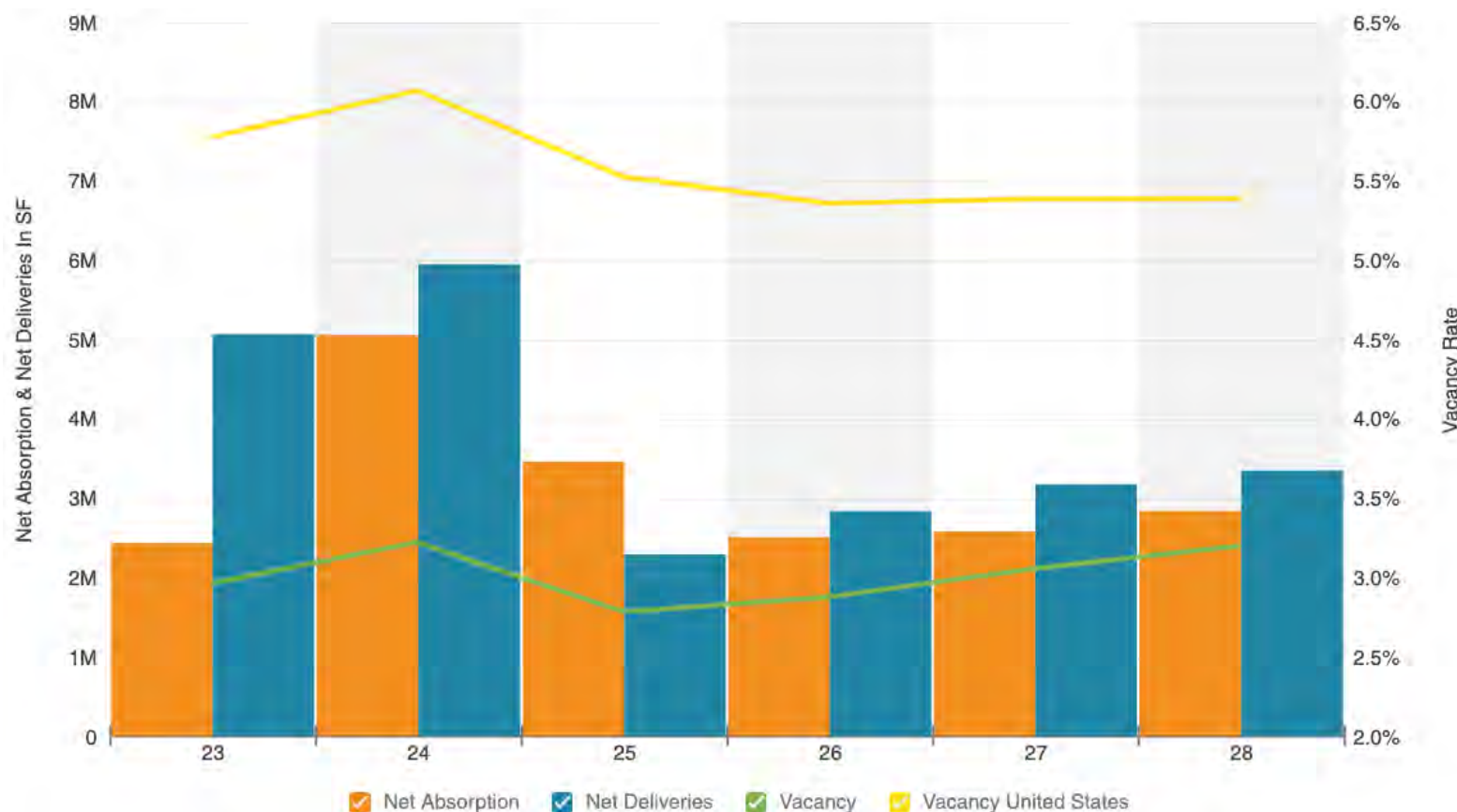
"New construction starts are the lowest in 8 years"



2023 COMMERCIAL CONFERENCE



MIAMI PERSPECTIVE – 2024 and beyond?



TRIVIA

What was the lowest occupancy rate the Miami Industrial market experienced at the peak of the Great Recession?

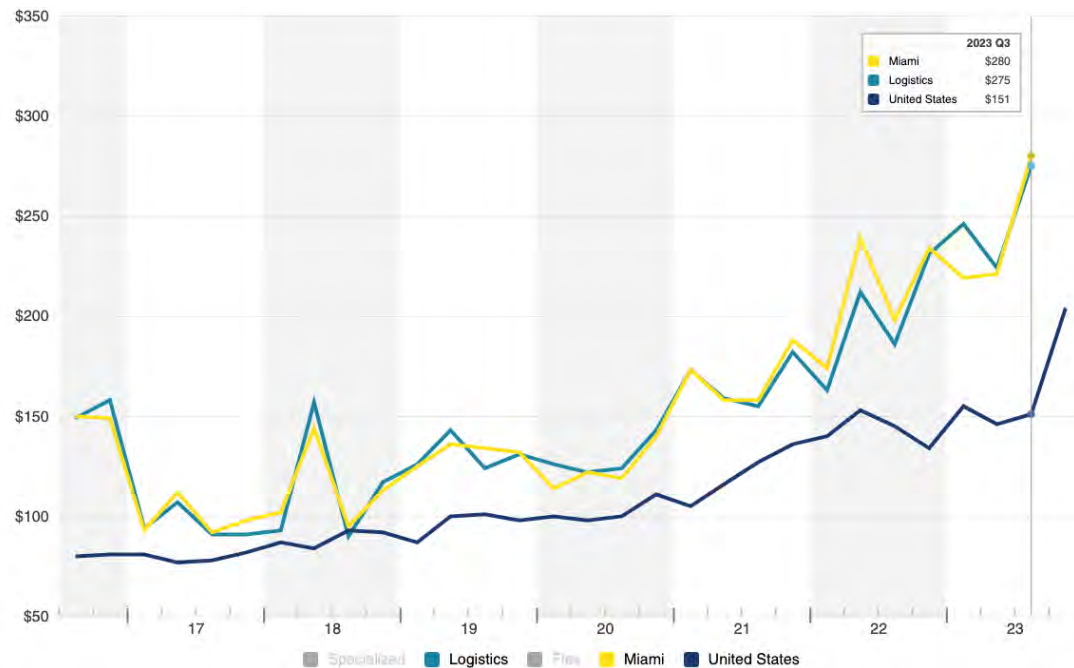
2023 COMMERCIAL CONFERENCE



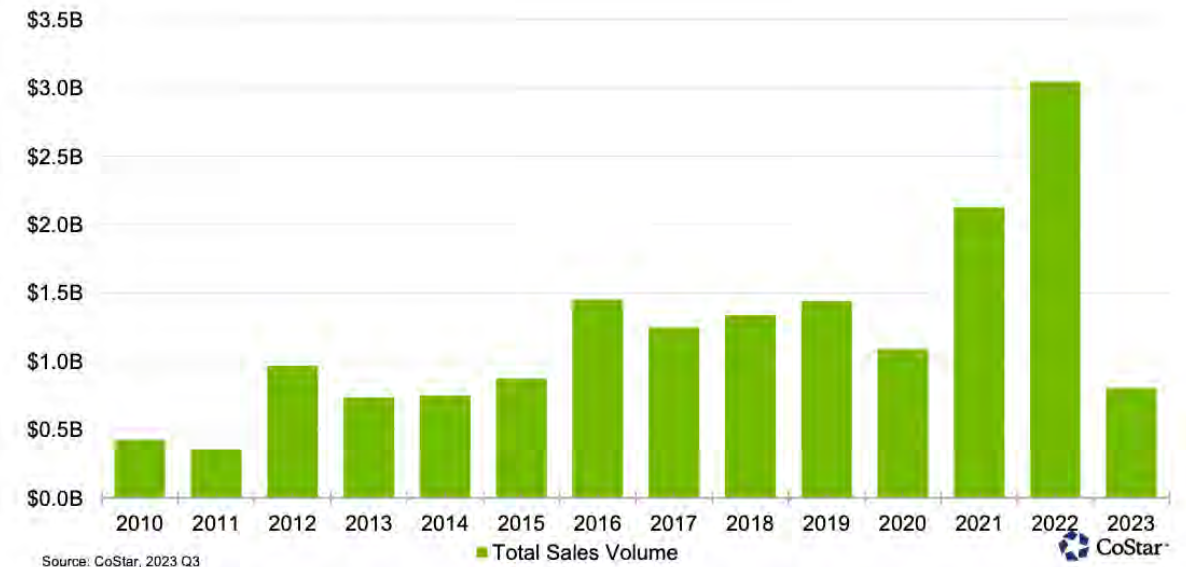
MIAMI PERSPECTIVE(2023)

What's the deal with Sales?

Price Per SF



Total Trades



Transaction Tips for my fellow REALTORS



Manage Expectations



Securitization is Key



"RTFL"



Timing is Everything

Thank You!

