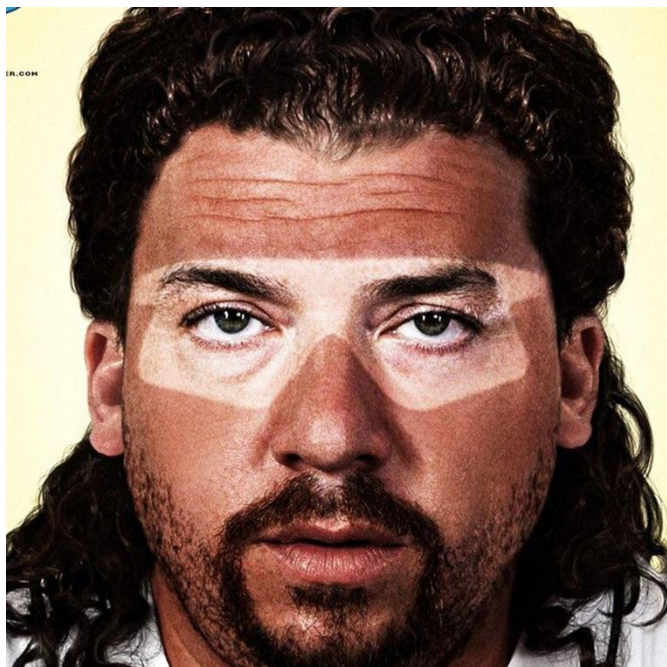


INDUSTRIAL OVERVIEW – AGENDA

- I. The Demand Drivers of the Miami Industrial Market
- II. 2024 Predictions... how did we do?
- III. Where are we now, entering 2025?
- IV. Who's Hot, Who's Not + Transaction Tips



INDUSTRIAL BROKER - Steal the Look



"I'm stuck on the 826.
I'll be there in 5 min"



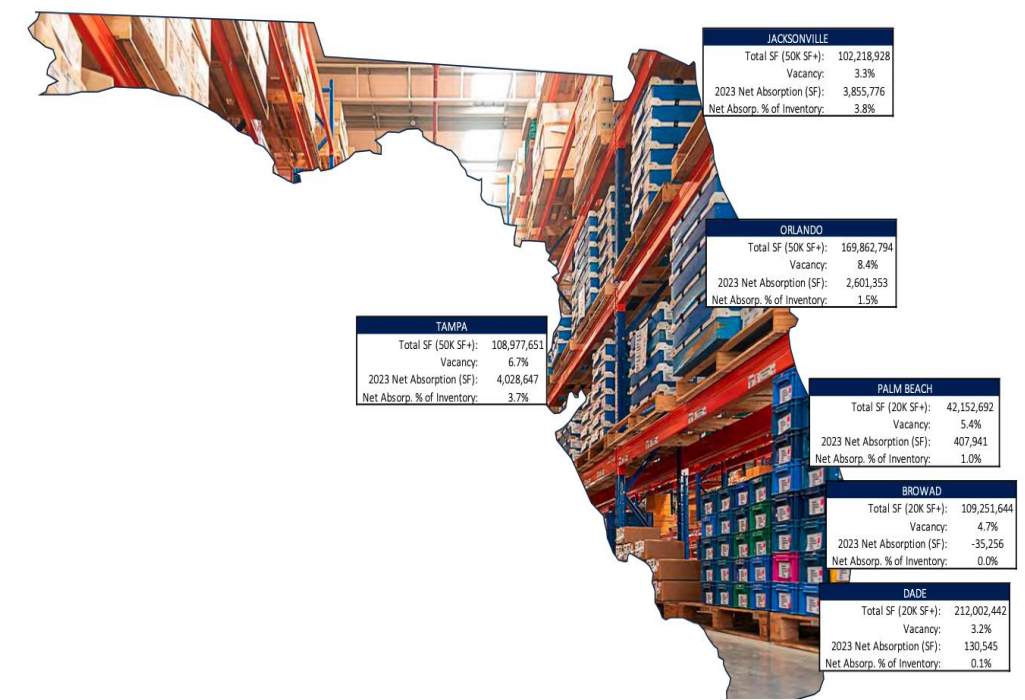
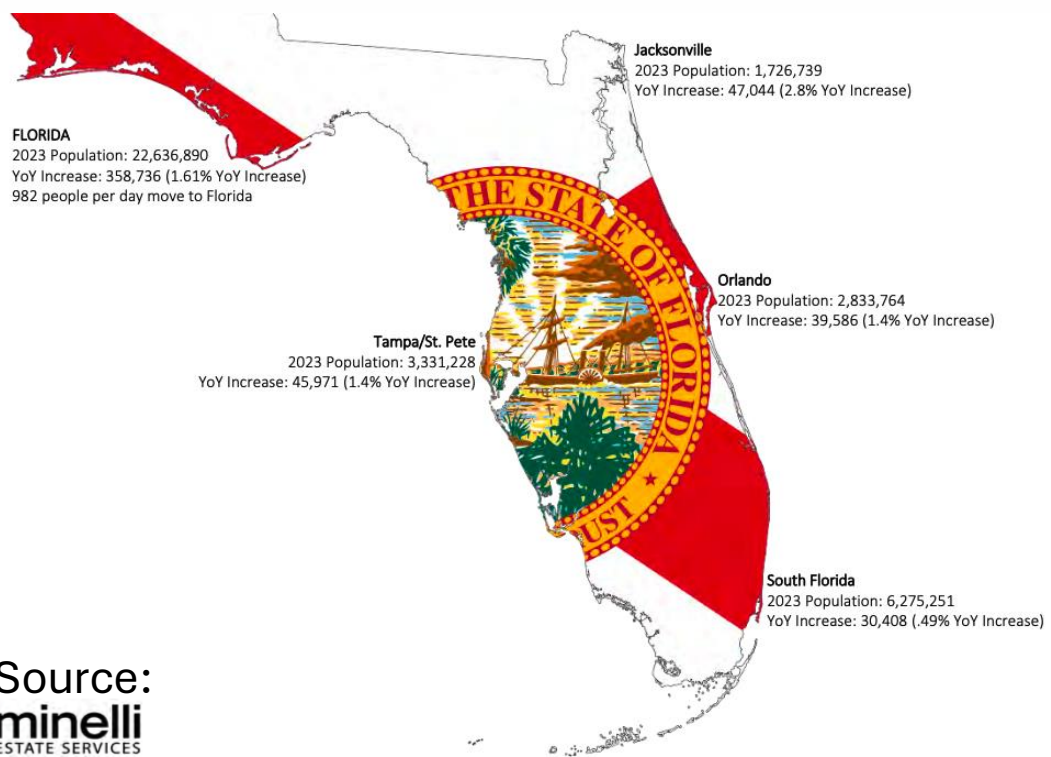
Population

Perhaps the most important driver, usually a strong correlation between the population of an area and the size of the warehouse market.

South Florida
58 SF per Person

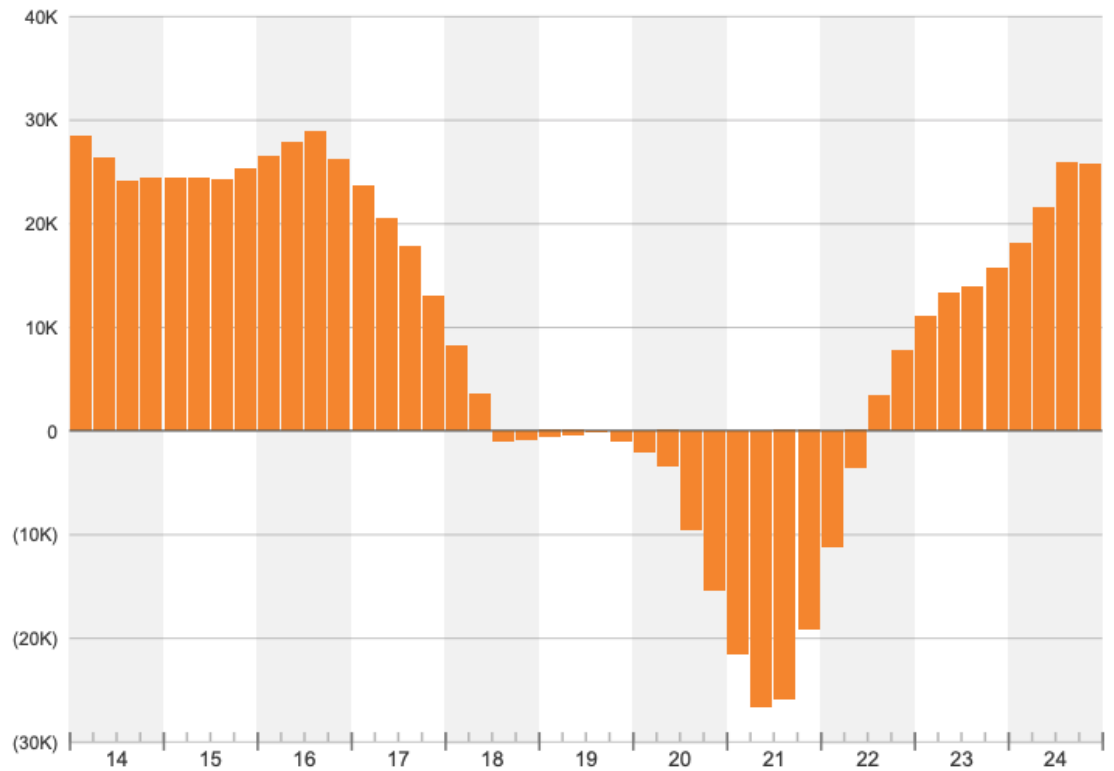
Orlando
60 SF per Person

Jacksonville
62 SF per Person

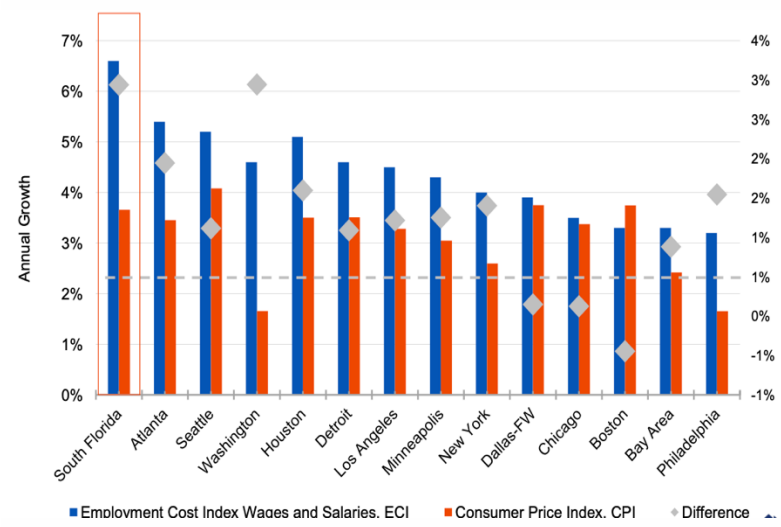


SFL Population

Net Population Change (YOY)

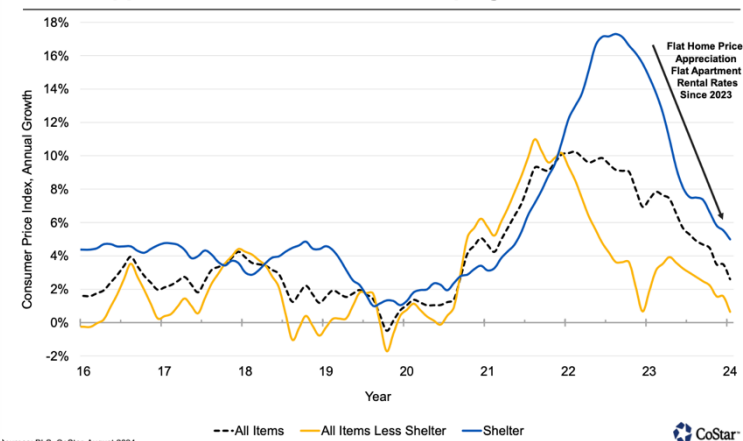


What percentage of drivers license exchanges are coming from New York, New Jersey, California, and Massachusetts in 2024?



Wages Outpacing Inflation

Shelter Costs Spiked in South Florida, Cooling of Home Price and Rental Appreciation Since 2023 Now Helping to Tame Inflation



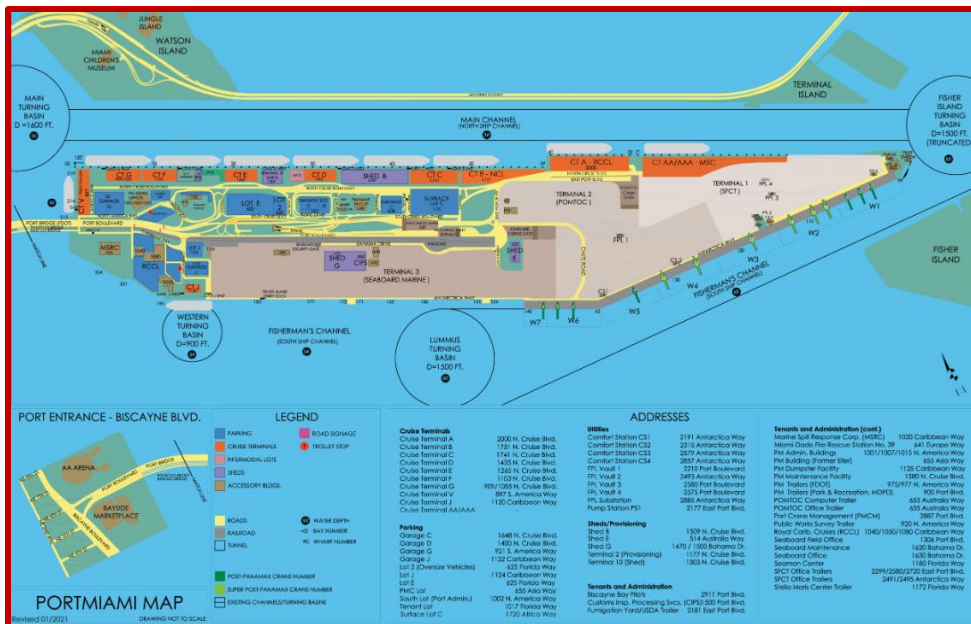
Shelter Costs decreasing in South Florida



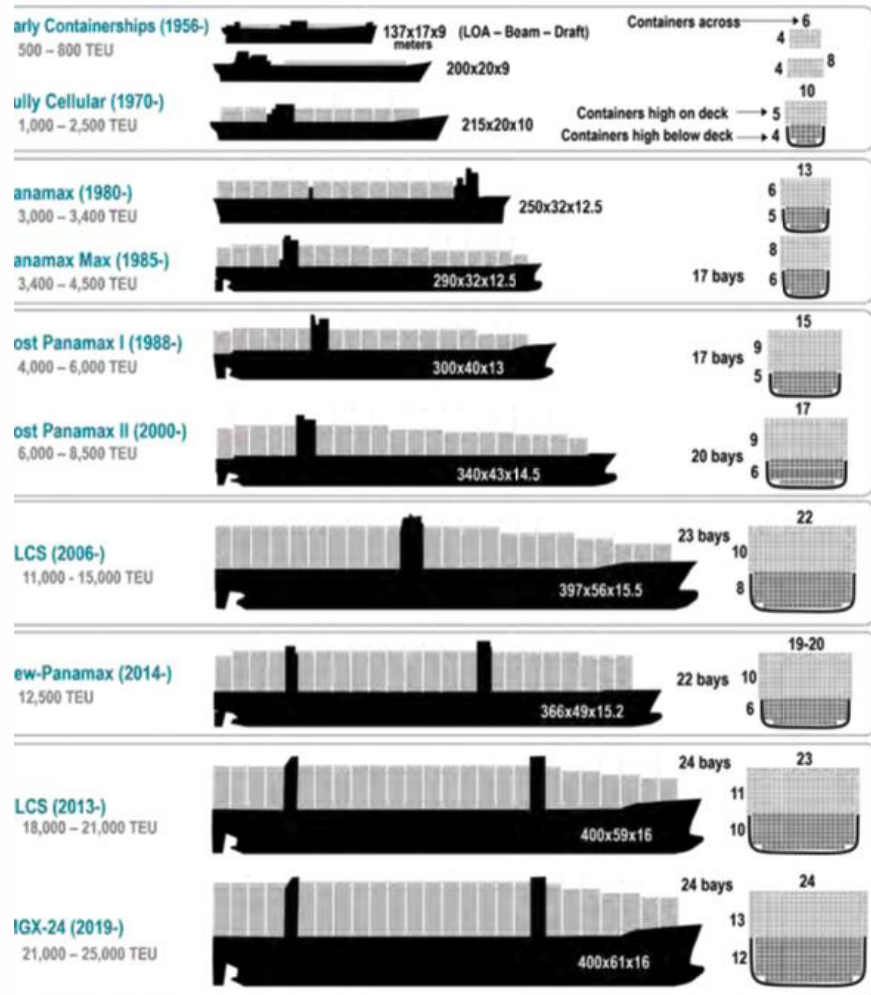
- \$43,000,000,000 Economic Impact
- #1 Cruise Port in the World
- #12 Container Port in the US
- Less than 1 mile from outer buoy to berth
- 50' Channel Depth with no Air-Draft restrictions



- \$34,000,000,000 Economic Impact
- #3 Cruise Port in the World
- #16 Container Port in the US
- Supplies all petroleum for SFL 12.5M Gallons per Day



Sea Freight

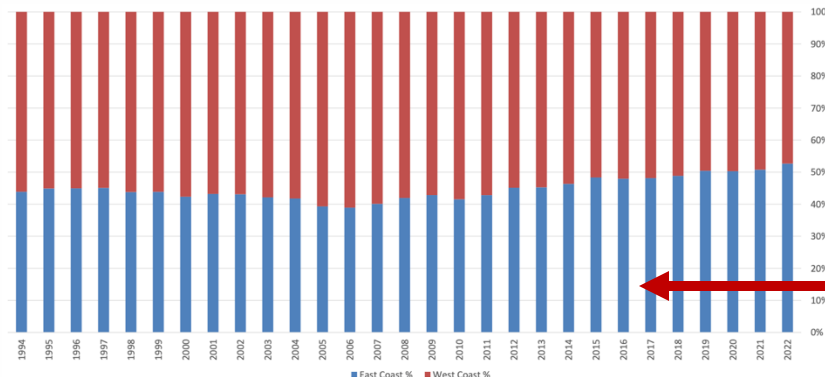


- Typical costs for shipping one container is about the same as a one way, economy airfare for a single person on the same journey.
- Largest ship in the world is MSC Irina, which can fit 24,300 TEUs. This would be the equivalent of a 44 mile cargo train, given an average speed of 34mph, you would be stuck waiting for this train 1 hour and 20 minutes.



TRIVIA

In one TEU, you can fit roughly 5,000 shoe boxes. Given this, if the MSC Irina were loaded down with only shoes... what percentage of the United States could get a new pair?

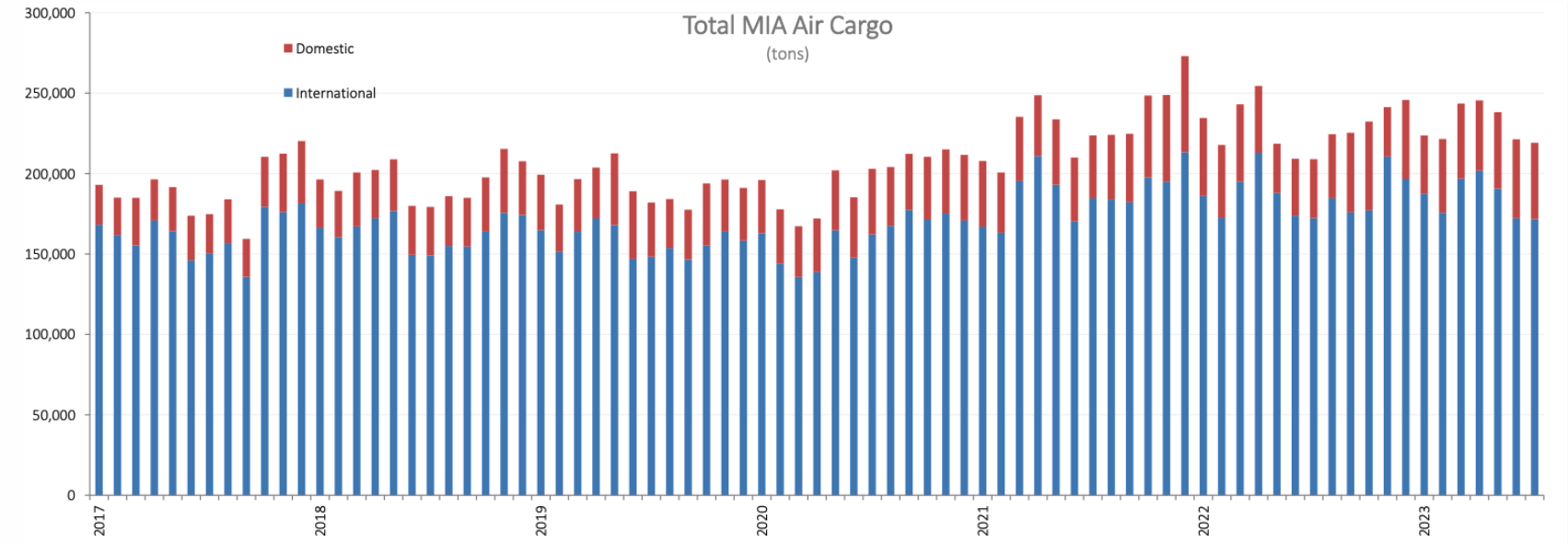


East Coast getting more market share (over 50% now).

Airport



- \$32,000,000,000 Economic Impact
- **“One out of every 4.6 jobs in Miami-Dade can be attributed to MIA or aviation related industries”**
- #3 in International Passengers in the United States
- #13 in Total Passengers
- #1 for International Freight
- #3 for Total Freight in the US
- 82% of all US Imports for Latin America and Caribbean and 81% of all Exports.



What goes through Miami International Airport?

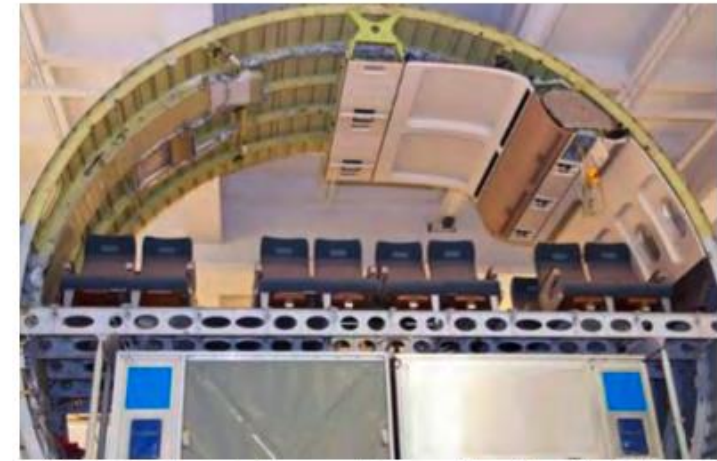
Imports	Tons
Flowers	370,946
Fish/Crustaceans	263,354
Vegetables & Roots	46,764
Fruits & Juices	32,837
Clothing	14,483

Exports	Tons
Oil/Gas Drilling Machinery	59,468
Vehicle Parts/Tires	55,771
Industrial Machinery/Parts	43,324
Computers Peripherals	25,272
Telecom. Equipment	24,498

Air Freight

Why would something be shipped by Air vs. by other means?

- Generally, air cargo product is characterized as being more expensive, lightweight, and with time sensitivity.
- Common air cargo includes perishables such as fruit, fish, vegetables, and flowers. If the product is not sensitive to time, they will almost always ship by sea, rail, or truck. Air Cargo costs up to 10x the cost of shipping via truck, and 15x the cost to ship by sea.
- A package can arrive from Hong Kong in less than 24 hours, while going by sea will take 3 weeks.
- Approximately 50% of all air cargo travels underneath our feet in a passenger plane.

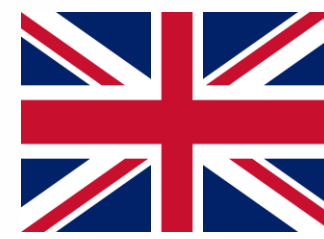


"In no other industry do you find half of the industry's supply curve (in terms of capacity) as a by-product of another industry."

--Brian Clancy, Managing Director and Co-Founder of LogCapStrat

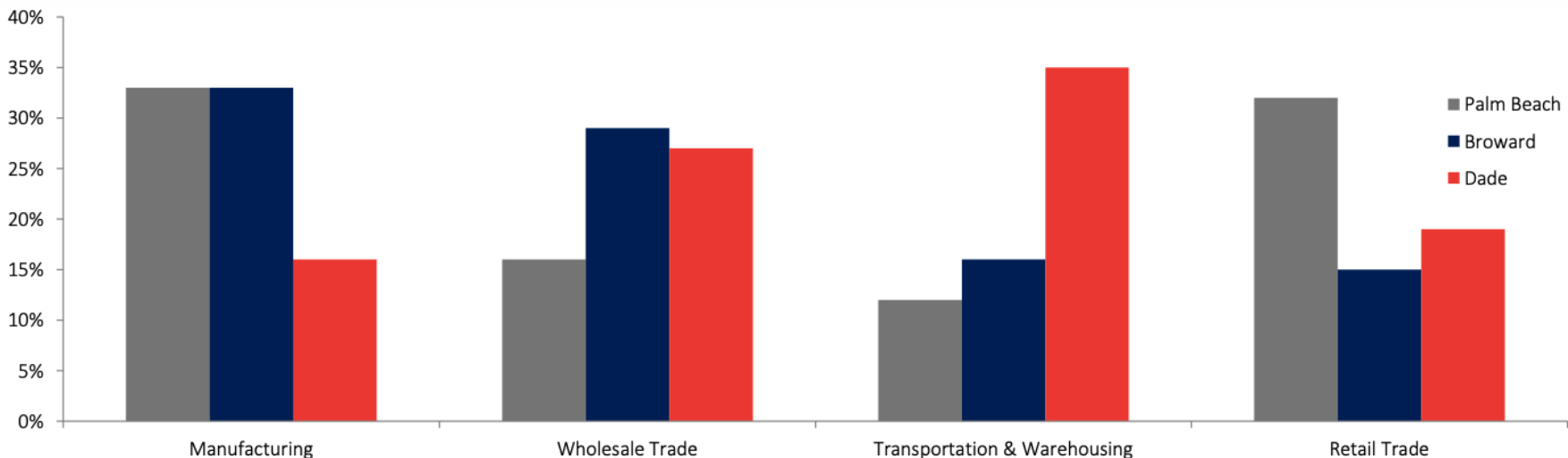
TRIVIA

How many total planes in
Fedex's Air Fleet?



In a study conducted by Ciminelli in late 2020, they took a look at the types of users in more “modern” buildings within the Dade, Broward, and Palm Beach markets. They looked at over 250 buildings (post 2010 vintage) and 496 tenants. The study found that:

- 85% of all 3PL's in the region are in Miami
- Broward and Palm Beach have more than 2x the amount of manufacturing tenants than Miami
- 14% of the companies are publicly traded
- The average tenant size in these more modern buildings were 70K SF for Dade county, 54K SF for Broward, and 60K SF for Palm Beach



Ricky's First Deal



Entering
2023...

Landlords

Brokers

Existing Tenants

'Sidelined'
Investors

60+ year old
buildings

Private Owners

New-to-Market Tenants



“More time on the market”

A +

“Back to normal tenant size”

A -

“Rent growth will slow, but not go down”

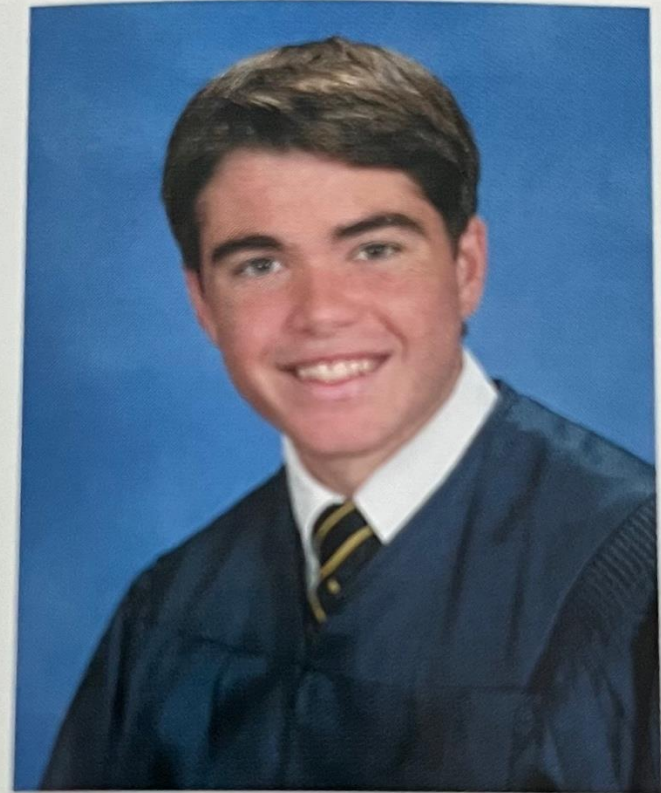
B +

“New construction starts lowest in
years”

B

“Prices will begin to come down on
institutional product”

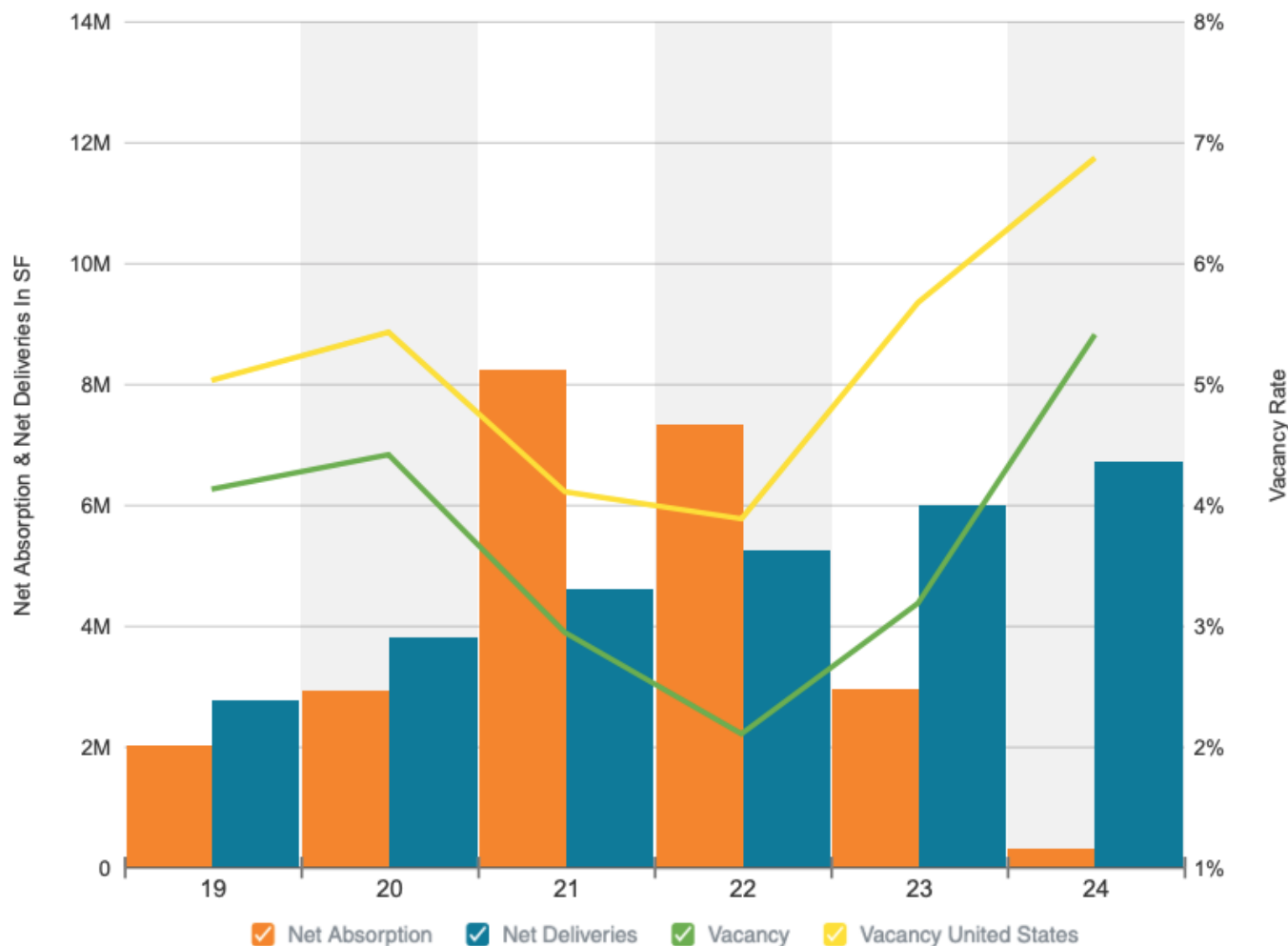
D -



Sebastian Juncadella

Overall Market

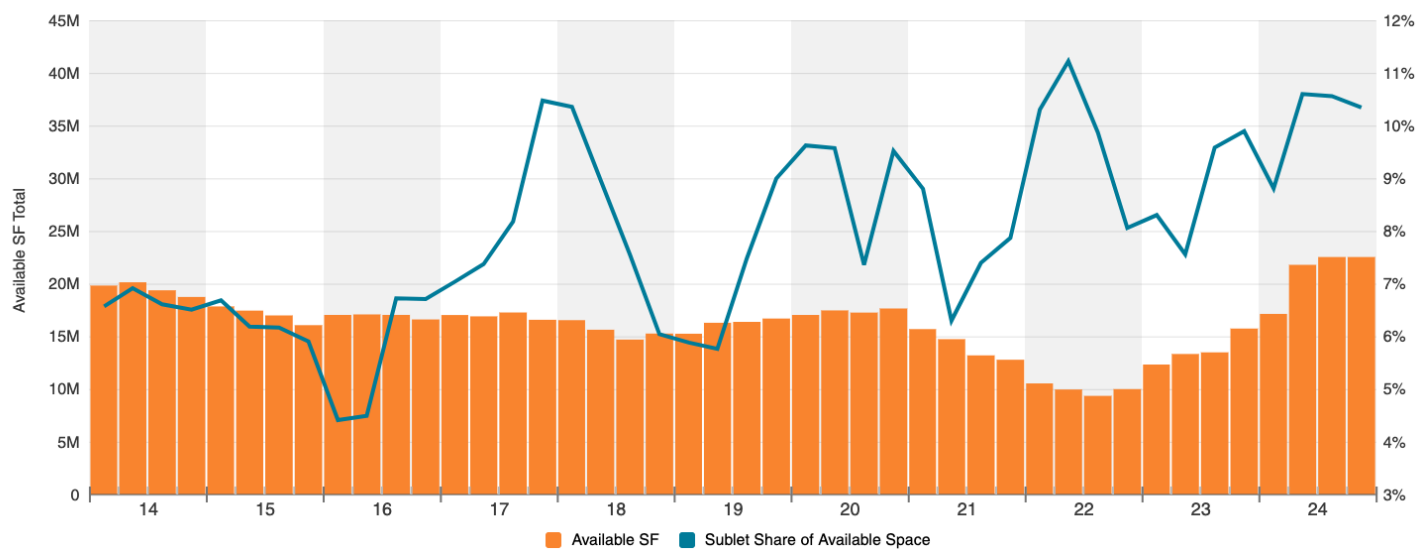
Net Absorption, Net Deliveries & Vacancy



- As can be seen in the adjacent chart, we have had 2 years where demand and supply were nearly “on par”, 2 years where demand dramatically outpaced supply, and now 2 years supply will heavily outpace demand.
- Vacancy rate vs. national average expanded as high as 2.5%, but now closer to 1.5%.

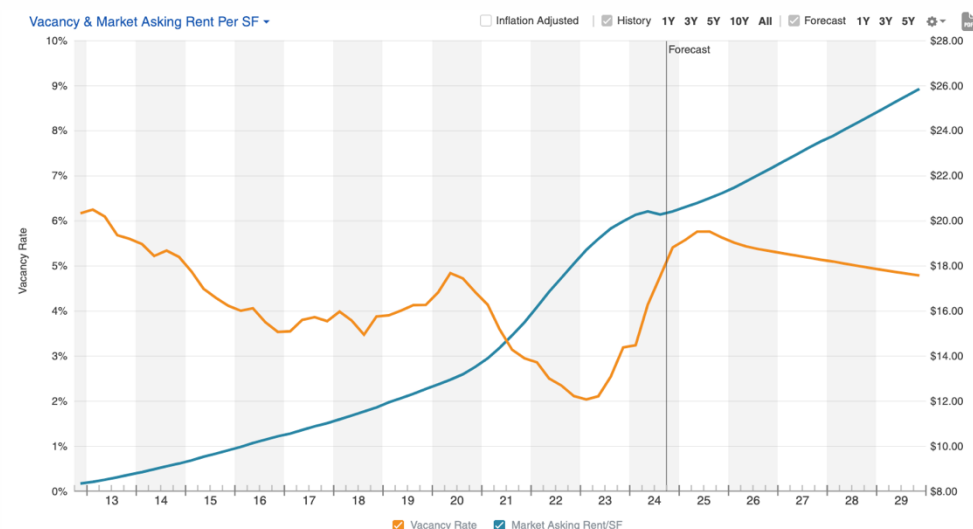


AVAILABLE SF TOTAL & SUBLET SHARE %



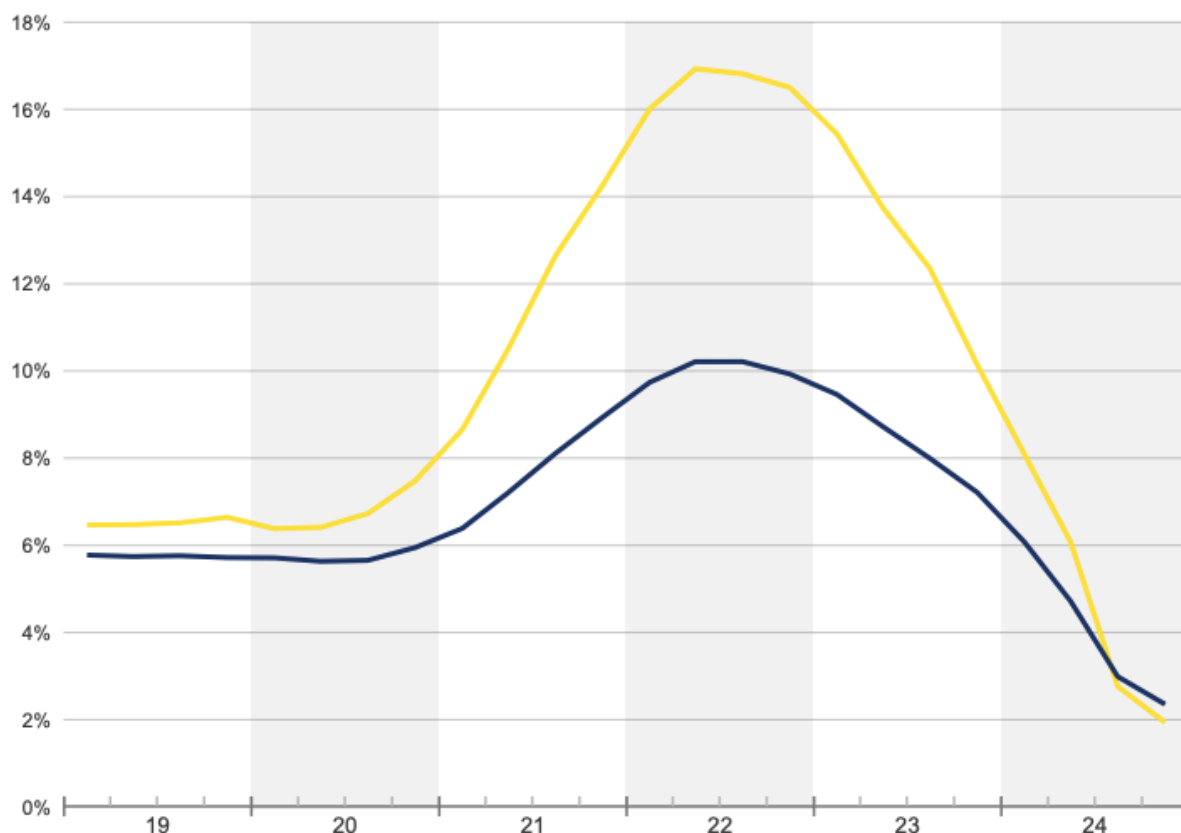
- Although Vacancy is increasing and rates are taking a dip... forecasts show that this is not expected to continue for too much longer.
- A good moment to negotiate leases into the coming months? Or is there more pain to come?

- As can be seen here, in regards to total amount of space being marketed, about 22M SF. As a percentage of that space that is sublease... about consistent with historical averages. Signals that our increase in vacancy is not necessarily suffering tenants trying to get out of their leases, but an increase in the total Supply.



Rent Growth

Market Asking Rent Growth (YOY)



What was with all these Landlord's "withholding rates" on their online advertising?

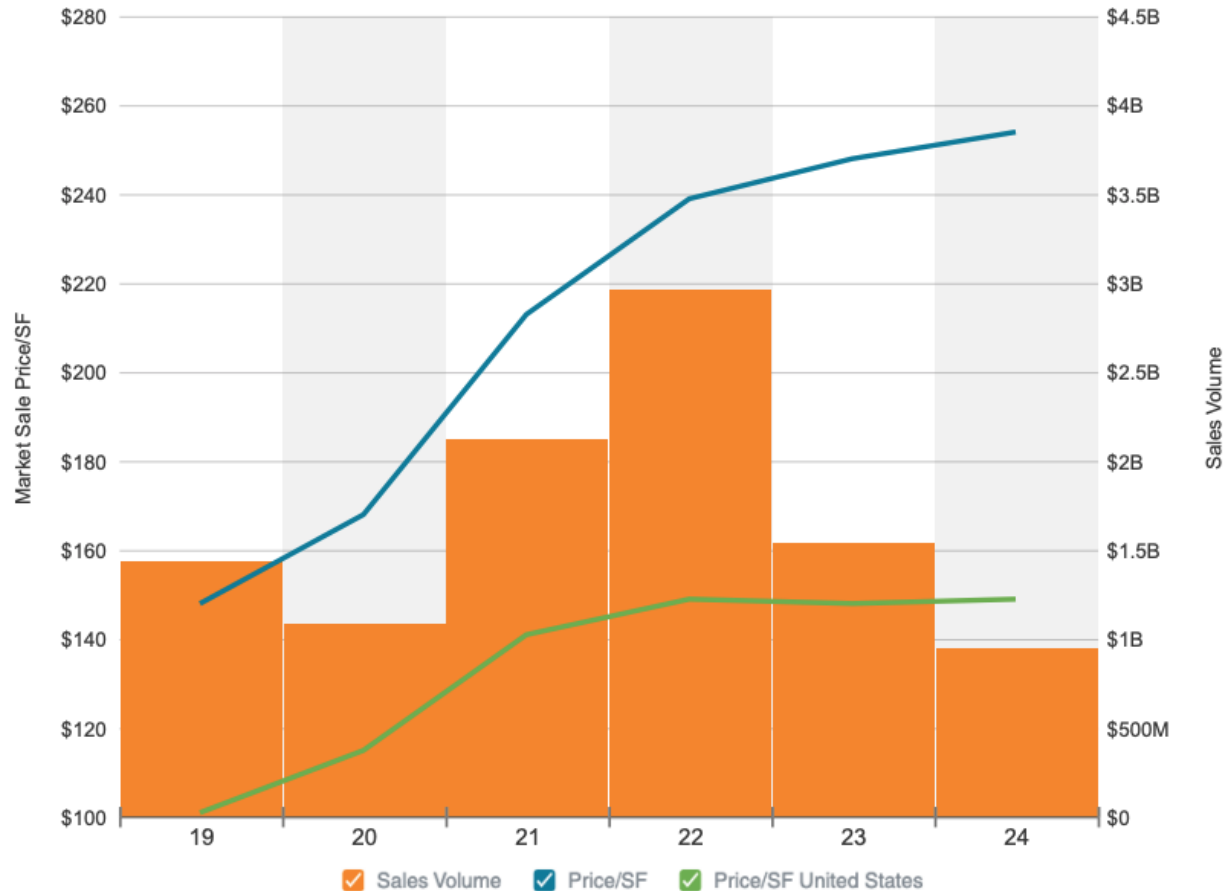
- When the market was moving so quickly (moments where we were having 12-20% rent growth) it was problematic to advertise rates because you did not want to leave money on the table.
- Today... means of getting a call and also not visibly dropping rates. Based on credit, TI, timing, they can be more aggressive than they were in the past depending on what they see on a deal.



What percentage is considered the "healthy" in regards to rent as a percentage of Gross Revenue for Industrial Tenants?

Institutional Trades

Sales Volume & Market Sale Price Per SF



- Still one of the most, if not THE most desired market for institutional investors.
- In 2024, only 3 deals over \$40M as compared to an annual average of 8 this size or bigger in past three years.
- Although sales value is down... Price PSF continues to climb!
- This is even evident in land sales, where \$3M/acre is now the target pricing for very well located industrial pieces.
- The return of the OWNER USER...

\$300/SF!





New-to-Market
Tenants

Owner Users

Leasing Brokers

Industrial
Market
entering
2025...

'Sidelined'
Investors

Rental
Rates

Landlords

Capital Market Brokers

Transaction Tips for my fellow REALTORS



- Small Bay Warehouses
- Sellers of Institutional Grade Product
- Tenant's with long-term leases (signed before 2021).



- Large Bay Developers
- Small Bay Condo Sellers
- IOS Sites



Manage your LL's
Expectations



Good moment in time
for *some* Tenants



Check the Comp Set



Engage the LL early

'24 MIAMI
COMMERCIAL
CONFERENCE **OCTOBER 11, 2024**
JUNGLE ISLAND



THANK YOU

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