Rent growth cools, but tenant demand holds firm in early 2025

▲ 5.7%	▲ 751,665	▼ 5,160,436	▼ 1,272,826	▲ $16.04
Total Vacancy (Q1 2025)	SF Net Absorption (Q1 2025)	SF Construction (Q1 2025)	SF Delivered (Q1 2025)	NNN / Lease Rate

Note: Arrows indicate change from previous quarter.

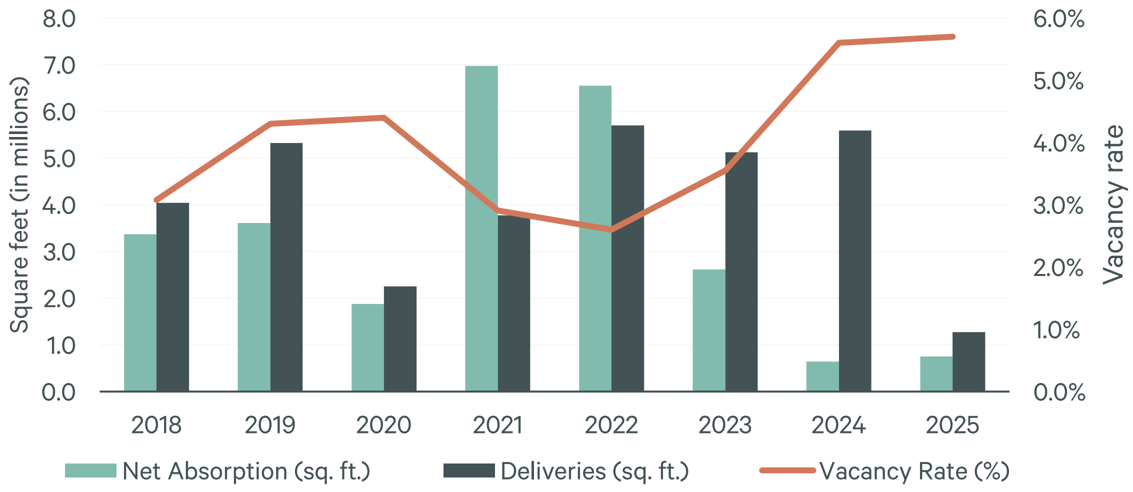
Market highlights

- Demand remained strong in early 2025, with over 750,000 sq. ft. of net absorption driven by E-commerce, Food & Beverage, and Freight Forwarding users. Despite a national slowdown, Miami's 15-year growth streak continued in 2024 and is on pace to extend through 2025

- Industrial construction has dropped to 5.1 million sq. ft. from last year's peak of 7.5 million, signaling a shift toward a more balanced market. With vacancies peaking at 5.7%, Miami appears to be nearing the trough of its current supply-driven mini-cycle.

- Looking ahead, rent growth is expected to moderate as the construction pipeline winds down and vacant space is steadily absorbed. In response, some landlords are beginning to lower asking rates to maintain leasing momentum. However, ongoing economic uncertainty and tariff negotiations may introduce short-term volatility.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE.com

Demand

In early 2025, tenant demand in Miami's industrial market has remained more resilient than in most U.S. markets, posting over 750,000 sq. ft. of positive net absorption. While demand remains solid, it trails the 10-year annual average of 3.1 million sq. ft. Key submarkets like North Central Dade and Medley continue to fuel leasing momentum, accounting for over 80% of this year's absorption to date. Notably, the resurgence of e-commerce has helped boost recent leasing activity, highlighted by a full-building lease of nearly 250,000 sq. ft. at Prologis Gratigny Industrial Park 15 by a multinational online retailer.

Vacancy & Pricing

Even with resilient demand, Miami's vacancy rate has climbed uninterruptedly for over three years due to supply pressures. Year-over-year, the vacancy rate has risen by 210 basis points, reaching 5.7% in Q1 2025. The rise in vacancy rates has predominantly affected warehouses larger than 100,000 sq. ft., which recorded a vacancy rate of 7.4% in Q1 2025 and an availability rate of 10.4%. In contrast, small-bay warehouses see persistent demand with a vacancy rate of just 4.0% and an availability rate of 6.7%. Vacancy rates should decline alongside a significant reduction in new completions.

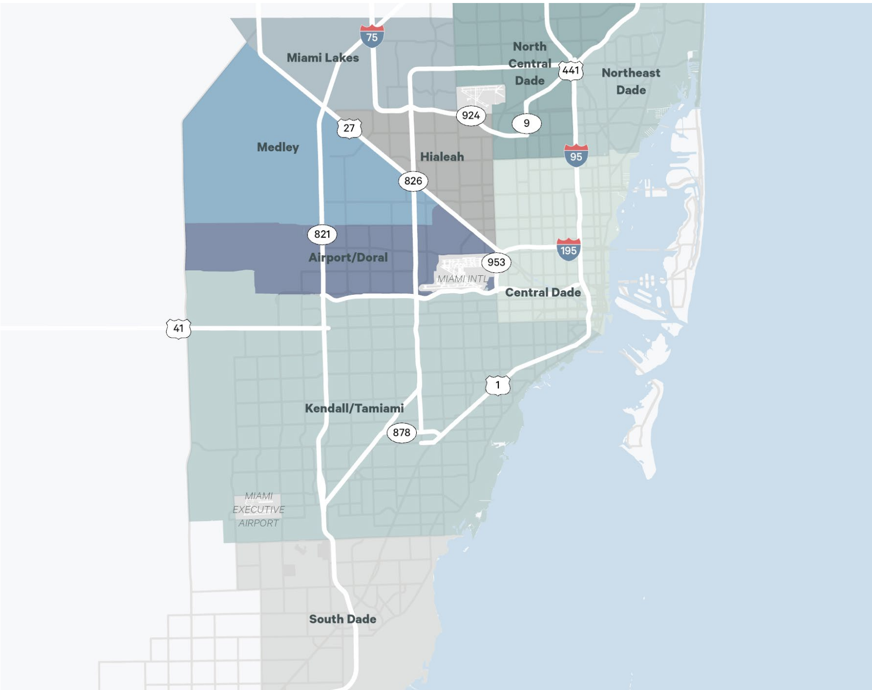
As market conditions have eased, rent growth has cooled from the record highs of 2022. In Q1 2025, asking rents held steady at $16.04 per sq. ft., reflecting a notable slowdown. Facing softer absorption and increased competition from new supply, some landlords have begun adjusting asking rates to sustain leasing activity. However, the slowdown in new groundbreakings is expected to result in fewer speculative deliveries by late 2025, setting the stage for a tighter market and more stabilized, albeit slower, rent growth.

FIGURE 2: Statistical Snapshot Q1 2025

Submarket	Total Inventory (SF)	Vacancy Rate	Q1 2025 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	Q1 2025 Deliveries (SF)	Avg. Asking Lease Rate (PSF/NNN)
Airport/Doral	60,809,379	4.83 %	38,569	38,569	2,690,486	0	$18.68
Central Dade	39,648,354	4.69 %	-232,003	-232,003	107,632	0	$13.47
Hialeah	17,020,818	7.2 %	-62,523	-62,523	0	409,189	$17.08
Kendall/Tamiami	14,301,820	2.52 %	30,350	30,350	0	0	$19.74
Medley	47,443,059	6.71 %	293,286	293,286	760,372	174,400	$17.94
Miami Lakes	19,073,378	7.96 %	27,718	27,718	1,145,370	689,237	$15.18
North Central Dade	40,282,418	7.08 %	627,069	627,069	374,419	0	$14.18
Northeast Dade	2,686,371	1.92 %	13,150	13,150	0	0	$12.00
Out of Submarket	1,389,117	0.66 %	0	0	0	0	N/A
South Dade	4,728,569	4.6 %	16,049	16,049	82,107	0	$16.77
Grand Total	247,383,283	5.7 %	751,665	751,665	5,160,386	1,272,826	$16.04

All stated rents are estimates subject to size, credit, TI, and term.

Market Area Overview



CBRE Economic House View

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a ‘wait-and-see’ approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

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