Miami's demand is holding up despite rising vacancy

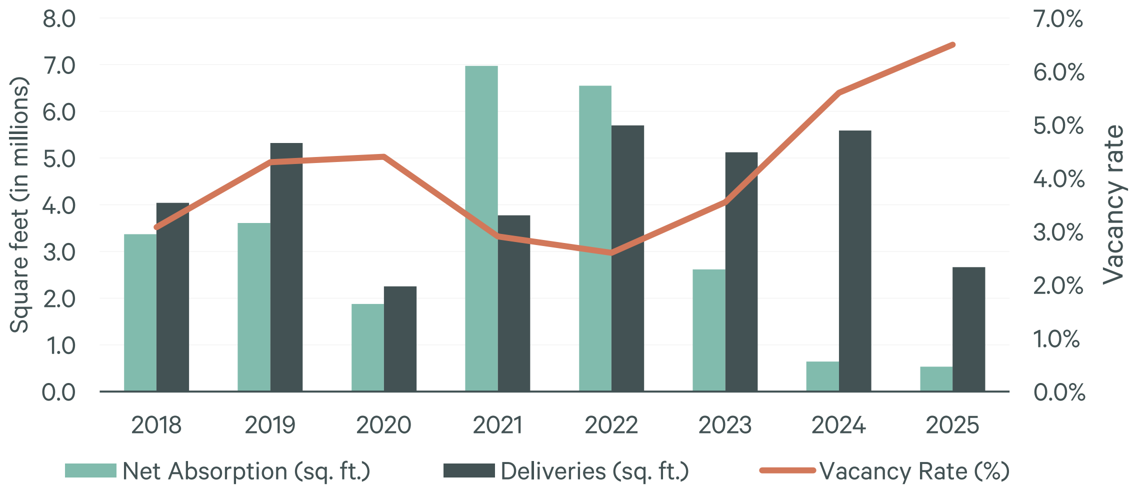
▲ 6.5%	▼ 53,426	▼ 3,311,091	▲ 1,393,439	▼ $15.88
Total Vacancy (Q2 2025)	SF Net Absorption (Q2 2025)	SF Construction (Q2 2025)	SF Delivered (Q2 2025)	NNN / Lease Rate

Note: Arrows indicate change from previous quarter.

Market highlights

- Demand for industrial space in Miami remains positive, more than 500,000 sq. ft. was absorbed during the first half 2025. Activity has normalize compared to the peak years of 2021 and 2022, and lease transactions are taking longer to finalize across the board.
- After several years of robust development activity, the pipeline has begun to taper, with no new projects breaking ground this quarter. Currently, more than 3.3 million sq. ft. remains under construction, with the majority of that concentrated in the Airport/Doral submarket.
- The vacancy rate reached a five-year low of 2.6 percent in 2022, driven by strong absorption and record construction activity. Since then, vacancy has gradually increased, peaking at 6.5 percent this quarter as new supply continued to outpace demand.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE.com

Demand & Supply

Net absorption has continued to taper off compared to the robust activity recorded during the pandemic. Industrial tenants are taking longer to make decisions, leading to a noticeable slowdown in absorption across several submarkets, especially for larger blocks of space. Still, underlying demand remains healthy, and absorption is expected to stay in positive territory in the quarters ahead.

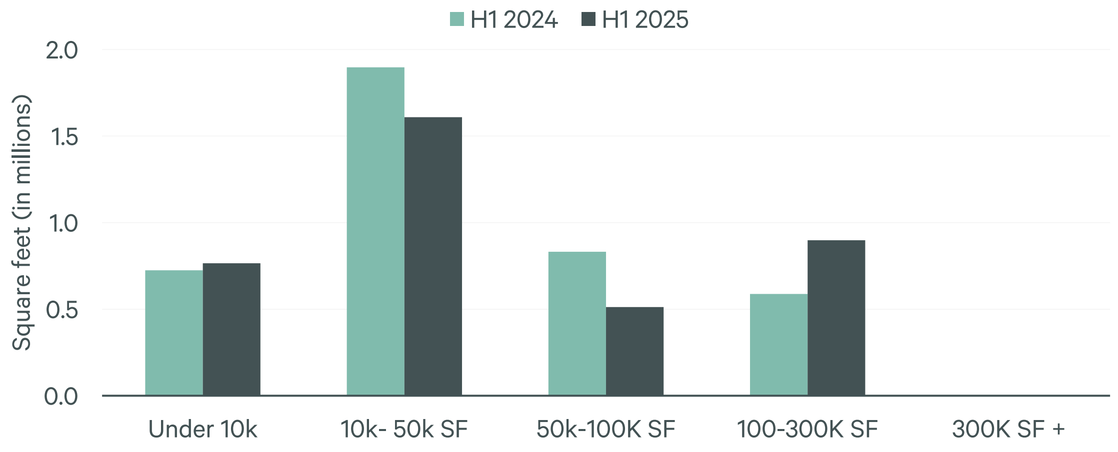
Among individual submarkets, Miami Lakes recorded the highest quarterly net absorption, supported by ongoing tenant interest and a steady pipeline of new deliveries. Year-to-date, however, North Central Dade leads all submarkets in net absorption, primarily due to two large occupancies, one at Bridge Point Commerce Center and another at Prologis Industrial Gratigny Park 15. In contrast, most submarkets reported flat or negative absorption, largely driven by the return of small to mid-sized spaces to the market as tenants recalibrate their footprints.

There is currently 3.3 million sq. ft. of industrial space under construction across the market, down 4.7 million sq. ft. from peak development levels seen during the pandemic. This slowdown reflects a broader deceleration in speculative activity following the rapid expansion earlier in the decade. Notable projects underway include Bridge Point Doral (Buildings 1-6) and County Line Corporate Park (Buildings 34-36).

Vacancy & Pricing

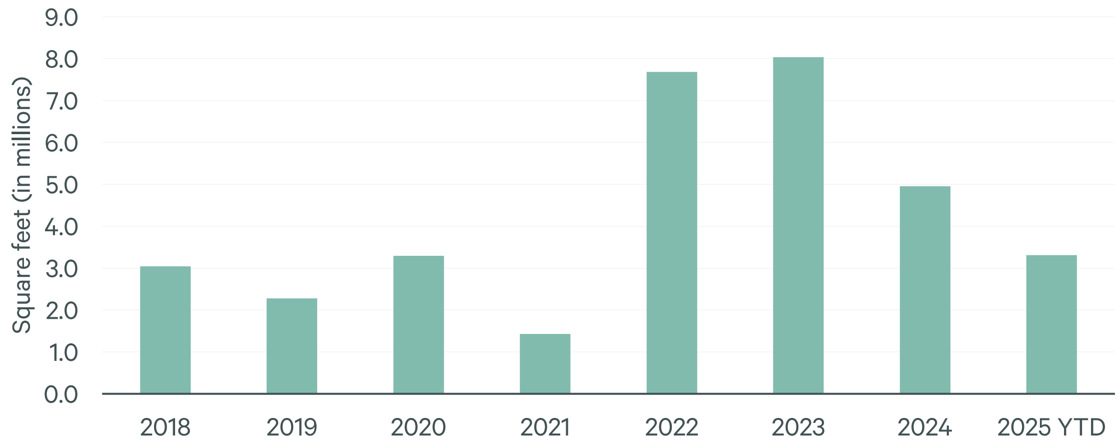
At the peak of speculative industrial construction in 2022, tenants faced vacancy rates below 3%, placing upward pressure on rents and limiting options for large space users. Today, vacancy is approaching 7% as construction activity has slowed significantly. With over 3.0 million sq. ft. slated to deliver in the coming quarters, the vacancy rate is projected to rise further, potentially reaching between 7.5% and 8.0%, before beginning to stabilize. This shift in market dynamics has led to a modest correction in asking rents, which currently average $15.88 per sq. ft. on a triple net basis, reflecting a 1.0% decline quarter-over-quarter.

FIGURE 2: Leasing activity (excludes renewals)



Source: CBRE.com

FIGURE 3: Under Construction



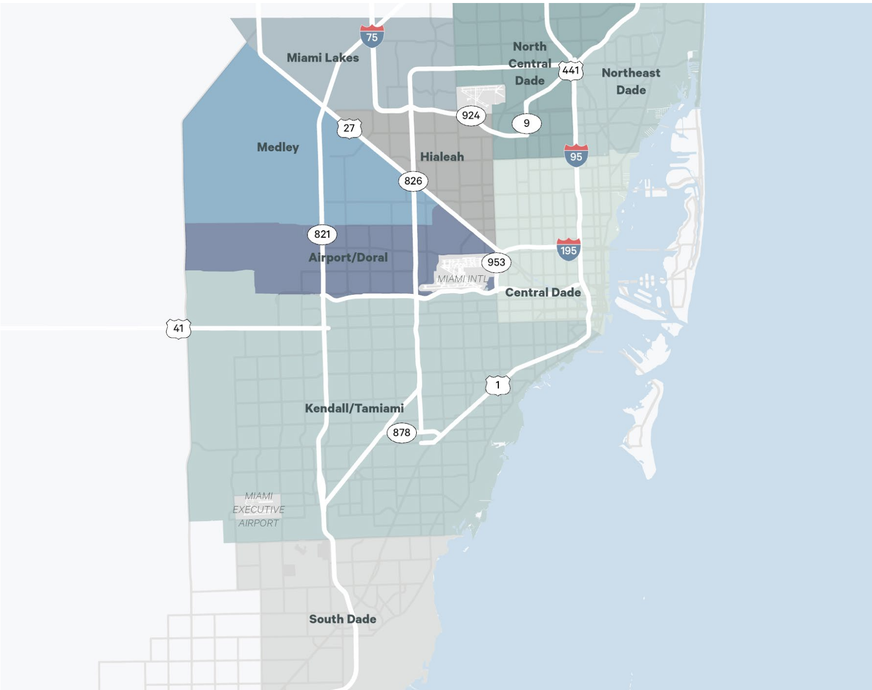
Source: CBRE.com

FIGURE 2: Statistical Snapshot Q2 2025

Submarket	Total Inventory (SF)	Total Vacancy Rate (%)	Q2 2025 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	Q2 2025 Deliveries (SF)	YTD Deliveries (SF)	Avg. Asking Lease Rate ($/NNN)
Airport/Doral	61,118,249	5.5 %	-103,662	-41,713	1,722,549	328,870	328,870	$18.00
Central Dade	39,593,944	4.9 %	-106,497	-338,500	107,632	0	0	$13.44
Hialeah	16,987,818	7.7 %	-81,449	-143,972	0	0	409,189	$16.90
Kendall/Tamiami	14,281,820	3.8 %	-14,283	16,067	0	0	0	$18.63
Medley	47,621,171	7.5 %	49,313	242,079	562,260	198,112	372,512	$17.31
Miami Lakes	19,565,416	10.2 %	304,784	40,321	653,332	492,038	1,181,275	$15.00
North Central Dade	40,567,769	8.0 %	5,489	730,630	0	374,419	374,419	$15.00
Northeast Dade	2,686,371	1.9 %	400	13,550	0	0	0	$12.50
Out of Submarket	1,389,117	0.6 %	0	0	0	0	0	$N/A
South Dade	4,728,569	4.6 %	-669	15,380	265,318	0	0	$16.50
Total	248,540,244	6.57 %	53,426	533,842	3,311,091	1,393,439	2,666,265	$15.88

Note: All figures reflect the most current data and are revised each quarter. Prior reports may not reflect updated statistics. In addition, all stated rents are estimates subject to size, credit, TI, and term.

Market Area Overview



CBRE Economic House View

Policy announcements and the news cycle—not economic fundamentals— are driving sentiment today. Q2 2025 began with the Liberation Day tariffs and subsequent escalation that caused growth expectations to plummet. But by the top of Q3 2025, both the trade war rhetoric and effective tariff rate have softened. While consumer and business sentiment surveys remain weak, the hard economic data (e.g., jobless claims, CPI, orders) points to a more steady economy. To be sure, it could take time for the costs associated with higher tariffs and global uncertainty to filter through, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025. Barring further disruptions this provides upside risk for hiring in coming quarters.

Commercial real estate markets are taking these changes in stride. On the occupier side, continued growth translates into positive absorption for many sectors and markets, including offices. Regarding capital markets, investment volume is on track to exceed 2023 and 2024 levels. This is supported by credit issuance making a turnaround and credit spreads falling back to pre-April 2 levels.

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