



1Q14 MIAMI INDUSTRIAL MARKET

Newmark Grubb Knight Frank

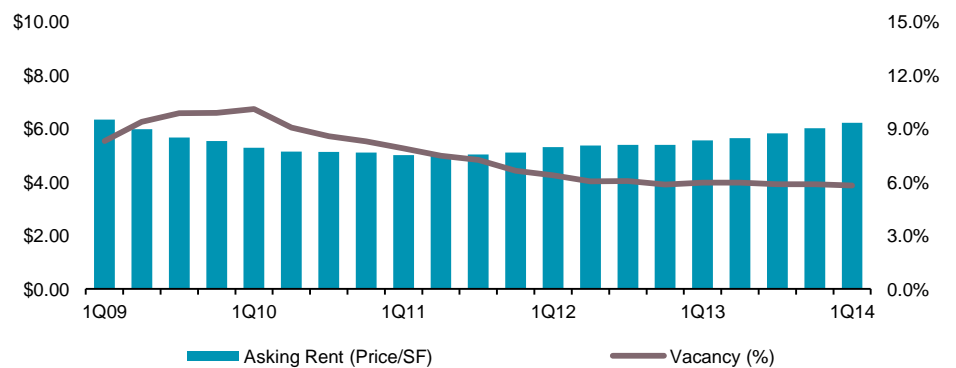
INDUSTRIAL SECTOR GROWING STRONG

Miami's industrial sector has rebounded and is in full-swing growth mode: Approximately 1.3 million square feet of speculative inventory is under construction, compared to 1.0 million square feet delivered last year. The strength of the market was also evident in the vacancy rate, which dropped 10 basis points to 5.9% in the first quarter, despite the surge in new inventory. Demand for space remained robust as positive net absorption of 315,000 square feet pushed vacancy to its lowest level since just before effects from the downturn began to show in 2007.

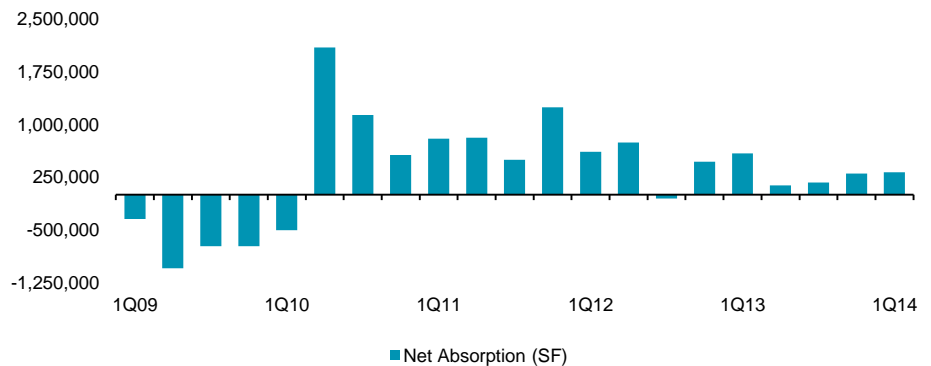
As further proof of a recovering market, the average asking rate inched upward to its highest level in over five years, with a \$0.66/SF year-over-year increase from the \$5.56 triple net quoted rate recorded during first quarter of 2013. Among the various product types, R&D/flex space saw a \$0.50/SF annual rise from the \$9.00/SF triple net rate, while warehouse/distribution space followed with a \$0.39/SF increase from the \$5.40/SF triple net rate seen last year at this time. Tenant concessions are diminishing, as more are negotiated in larger-size deals. The pendulum has swung to the landlords' favor, and the market may see a push from companies to finalize real estate decisions before rents climb higher.

First-quarter leasing activity totaled over 1.3 million square feet, as the market continued

Asking Rent and Vacancy



Absorption



Key Indicators			
Total Inventory (SF)		201,844,513	
	1Q14	4Q13	1Q13
Asking Rent (Price/SF)	\$6.22	\$6.02	\$5.56
Vacancy Rate (%)	5.8%	5.9%	6.0%
Under Construction (SF)	1,384,374	294,628	352,720
	1Q14	4Q13	YTD
Net Absorption (SF)	315,281	297,451	315,218
Deliveries (SF)	294,628	328,000	294,628

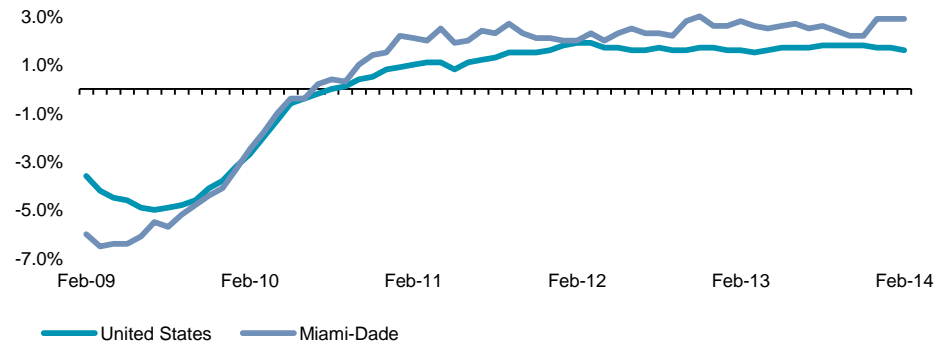


to see robust deal activity. Companies continued the trend of upgrading to newer industrial space. Starboard Cruise Services will consolidate into Flagler Station #34 when they occupy 218,000 square feet. The cruise line will relocate from two buildings, one at MICC and the other in International Corporate Park, when the building is completed early in the second half of the year. Krystal Logistics will also expand in Flagler Station. The international freight company has outgrown its current 46,000-square-foot location within the park and will relocate to 78,000 square feet in Building #36, which is to begin construction in the second quarter.

The market is in the early stages of an upswing. Healthy development and strong quarterly leasing activity, coupled with low vacancy rates and increasing asking rents, should continue at a minimum over the next 12 to 18 months. Strong international ties, a booming multi-family market and an aggressive Port of Miami growth plan has the county's industrial sector well-positioned for continued growth.

Payroll Employment

Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

Construction and Deliveries

Square Feet, millions



Select Lease Transactions

Tenant	Building	Submarket	Square Feet
Krystal Logistics	Flagler Station #36-11200 NW 91 st St	Medley	78,000
TVH Parts Co	Flagler Station #32-10800 NW 106 th St	Medley	67,997
Bonus Tech Inc	Miami Distribution Center-2501 NW 72 nd Ave	Airport West	66,829
Techno Coatings Inc	4795 NW 157 th St	Northwest Miami-Dade	59,022
EMO Trans Inc	Flagler Station #32-10800 NW 106 th St	Medley	46,411

Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
7201-7275 NE 4 th Ave	Airport East/Central Miami-Dade	127,938	\$9,250,000	\$72
3400 NW 67 th St	Hialeah/Hialeah Gardens	72,478	\$2,300,000	\$32
23601 SW 133 rd Ave	South Miami-Dade	67,626	\$1,308,500	\$19
3570-3600 NW 59 th St	Airport East/Central Miami-Dade	59,000	\$2,050,000	\$35



Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	WH/Dist Asking Rent (Price/SF)	R&D/Flex Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Airport East/Central Miami-Dade	26,560,969	441,534	9.3%	36,228	36,228	\$5.44	\$14.72	\$7.36
Airport West	68,058,058	420,837	5.8%	-8,254	-8,254	\$6.85	\$9.62	\$7.19
Hialeah/Hialeah Gardens	28,661,663	0	5.7%	88	88	\$4.01	\$7.50	\$3.79
Medley	21,777,581	522,003	5.5%	129,129	129,129	\$5.18	\$8.28	\$4.90
Miami Lakes	5,937,551	0	5.0%	925	925	\$5.37	\$8.46	\$6.53
Northeast Miami-Dade	9,772,064	0	4.2%	4,611	4,611	\$4.14	\$5.65	\$6.07
Northwest Miami-Dade	23,973,960	0	4.9%	104,645	104,645	\$4.23	\$7.33	\$4.87
South Miami-Dade	17,102,667	0	3.7%	47,909	47,909	\$6.87	\$8.58	\$8.20
Totals	201,844,513	1,384,374	5.8%	315,281	315,281	\$5.79	\$9.50	\$6.22



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Glossary of Terms

Absorption

A measure of the change in occupied space

Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied

Deliveries

The total RBA of properties added to the inventory once construction has been completed

Direct Space

Available space offered for lease by the building owner, landlord, or owner representative

Leasing Activity

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings

Occupancy

Any space physically occupied by a tenant, regardless of lease status of the space

Rentable Building Area (RBA)

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways

Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation

Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy

Vacancy

Space not physically occupied by a tenant, regardless of the lease status or availability of space

Weighted Average Rent

The asking dollar amount for the use of available space, weighted by size--the average does not include negotiable or unpublished rates and is reported as full service including operating costs

Industrial inventory includes all multi-tenant and single tenant buildings at least 10,000 square feet in total rentable building area. Owner occupied buildings are included in the inventory.

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