South Florida

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Rents decline amid rising vacancy rates and slowing demand

After peaking in the first quarter of the year at $15.94 per square foot (psf), industrial rents in South Florida have experienced three consecutive quarters of slight reductions, settling at $15.81 psf in Q3. This marks a modest year-over-year increase of just 2.2%, highlighting a deceleration in industrial demand. This modest rent increase contrasts sharply with the 58.1% surge recorded between Q4 2021 and Q4 2022. With the delivery of 15.5 million square feet (msf) since Q1 2023 and slowing demand, vacancy rates have been gradually rising for six consecutive periods, now reaching 5.8%. This comes after hitting a low of 2.9% in Q1 2023.

Industrial market stabilizes with strong absorption

Year-to-date net absorption reached 4.4 msf in Q3, marking a 24.3% year-over-year increase. Absorption is on track to conclude at a comparable level to 2023, approximately 6.0 msf. This trend signifies a return to pre-pandemic annual absorption levels of around 5.0 msf, following the significant peaks of 15.2 msf in 2021 and 11.7 msf in 2022.

Notable transactions contributing to the positive absorption this quarter include Ocean Doors & Windows, which leased 85,000 square feet (sf) in Medley; Tire Hub, securing 60,000 sf at Miami Airport; and Sorelle Furniture, occupying 74,000 sf in Miami Southwest Dade. In terms of sales, transactions totaling at least $320 million were recorded.

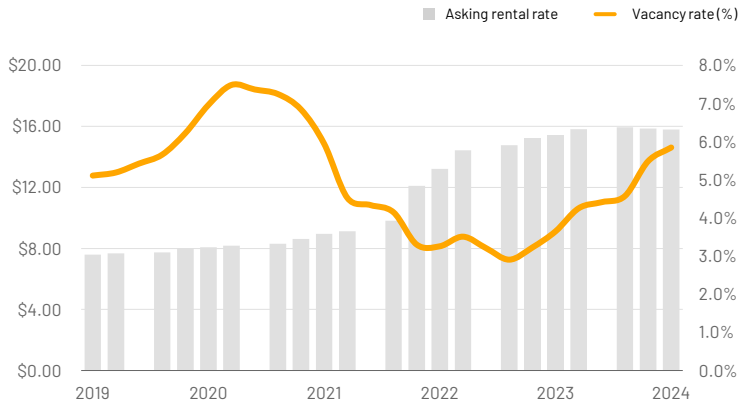
Uptick in new deliveries in 2024

In 2024, a total of 8.6 msf of industrial projects have been delivered, marking a 125% increase compared to the same period last year (year-to-date). This quarter alone, two significant warehouses totaling 860,000 sf were completed in Jupiter, in Palm Beach County. The under-construction pipeline is currently at 5.6 msf, with at least 2.5 msf expected to be delivered in 2025. The Doral/Miami Airport and Southwest Miami submarkets are leading in construction activity, with 1.7 msf and 1.4 msf of projects underway, respectively. Nevertheless, the under-construction pipeline in South Florida has experienced a significant decline, decreasing from 12.9 msf in Q3 2024 to just 5.6 msf this period.

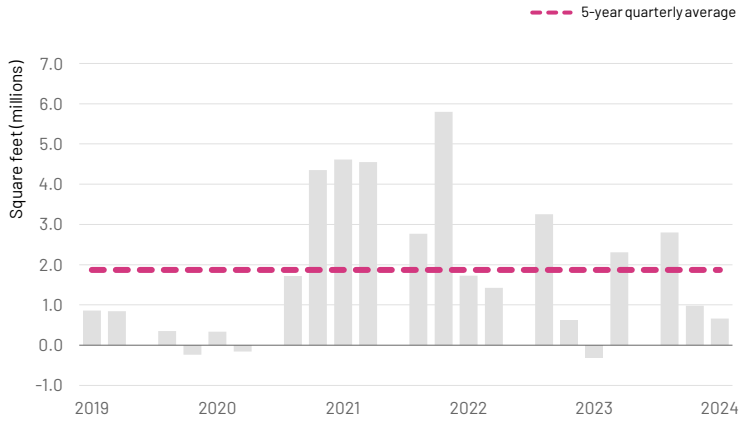
Key Statistics

	Q3 2023	Q3 2024	Y-O-Y
Inventory	293.8 msf	308.9 msf	+15.0 msf
Vacancy Rate	3.6%	5.8%	+220 bps
Asking Rental Rate	$15.47	$15.81	+2.2%
Net Absorption	-0.3 msf	0.7 msf	+1.0 msf
Under Construction	13.0 msf	5.6 msf	-7.4 msf
Deliveries	0.8 msf	1.7 msf	+0.9 msf

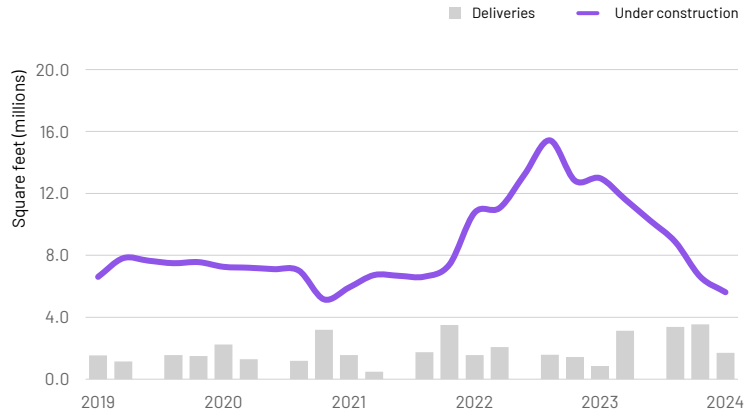
Asking Rent and Vacancy



Net Absorption



Deliveries and Under Construction



Outlook

01 South Florida continues to attract significant investment. The expansion of PortMiami and the influx of new residents and businesses are driving the need for more industrial space

02 Despite the rising vacancy rates, demand for industrial space remains robust. New space is quickly occupied, driven by the region's economic growth and strategic location

03 The dynamic influx of new developments is expected to drive vacancy rates upward, subsequently applying downward pressure on rent growth

Top Leases

Source: Savills Research

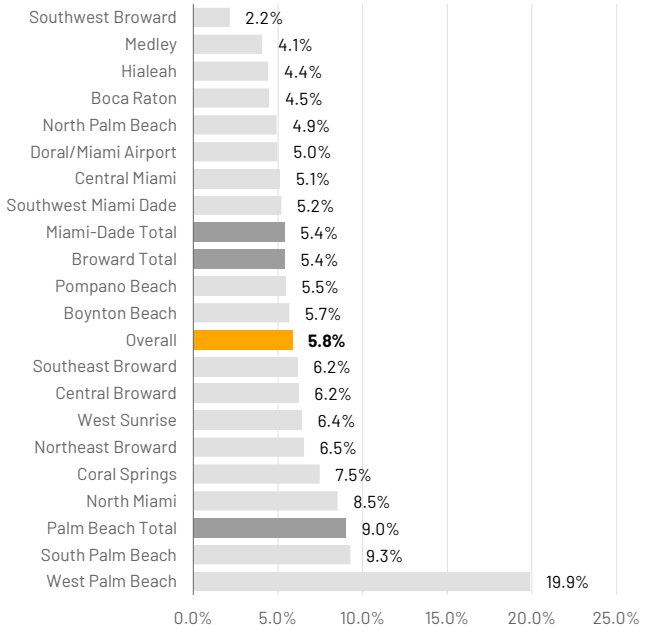
TENANT	SIZE (SF)	SUBMARKET	ADDRESS	TRANSACTION TYPE	INDUSTRY
Starboard Holdings	184,968	Medley	9290 NW 112th Avenue	Renewal/Contraction	Professional & Business Services
Sentury Tire USA	161,787	Hialeah	11210 W 43rd Avenue	New Lease	Automotive
Mediapro US	119,008	Medley	7321 NW 75th Street	Renewal	Communications / Media / Tech
Miami International Freight Solutions	105,960	Hialeah	Ave - Building 33	New Lease	Logistics & Distribution/3PLs
Sun Group of Companies	104,162	Pompano	2200 SW 2nd Street	Renewal	Food & Beverage

Top Sales

OWNER/BUYER	SIZE (SF)	SUBMARKET	ADDRESS	PRICE / $/SF	SELLER
Property Reserve	232,620	Hialeah	4141 W 91st Place	55.9 M / $240	Codina Partners, Affinius Capital
Northwood Investors	209,000	Doral	10000 NW 15th Terrace	46.5 M / $222	UBS Realty
Ares Industrial Real Estate	181,051	Hialeah	9535 NW 174th Street Building 4	50.7 M /$280	Butters Realty, Greystar Real Estate
Ares Industrial Real Estate	181,051	Hialeah	9575 NW 174th Street Building 3	48.7 M /$269	Butters Realty, Greystar Real Estate
Brookfield	154,234	Dania Beach	2130 SW 45th Street	24.4 M /$158	DRA Advisors

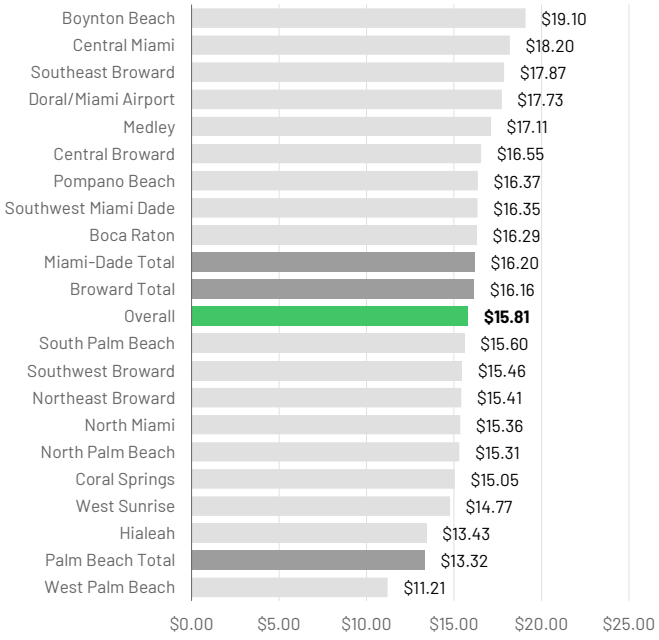
Vacancy Rate Comparison (%)

SOUTH FLORIDA SUBMARKETS



Rental Rate Comparison ($/sf)*

SOUTH FLORIDA SUBMARKETS



*based on all classes of available inventory

South Florida Q3 2024 - Industrial

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Unless otherwise noted, all rents quoted throughout this report are average asking net (NNN) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research.

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