

Smaller spaces keep industrial activity moving in Dade BY MARILYN BOWDEN

While the industrial market has slowed along with the rest of the economy, brokers say there is still activity, particularly among tenants using smaller spaces. Foreign distributors, who were gung-ho for warehouse space in Miami-Dade a couple of years ago, are still in evidence, said Viola Sanchez, vice president of the Southeast Region with PS Business Parks, who oversees Miami International Commerce Center in Doral. "We're still seeing some activity from foreign companies," she said. "We just did a deal with an import-export company from China. In general we're seeing more Chinese companies, though for the most part foreign tenants have been from South America."



These tenants make up a very small part of the market, though, Ms. Sanchez said. "We're seeing more traffic from tenants who are looking for smaller spaces, and since we cater to smaller tenants that works out well for us." David C. Albert, vice president of Flagler Real Estate Services, which handles leasing for a number of industrial parks, including Beacon Lakes, Beacon Center and Beacon Industrial Park, said most activity is in the 30,000-square-foot range. "Landlords have in general done a good job of retaining tenants over the past 12 to 18 months," he said, "and therefore we don't have the large vacancies we might have had." While imports are down, Mr. Albert said, exports have pushed up a bit, though most tenants in the area are not foreign

distributors but third-party freight and logistics companies. "Rates are down about 25%," he said, "but we are seeing a lot more activity over the past few months, both in sales and in leasing, which is very different from a lot of other markets."

In the Airport West industrial market, Mr. Albert said, some of that activity represents a flight to quality: tenants from other industrial areas of the county taking advantage of lower rents to relocate. "The airport market has always been a desired market," he said, "with some of the nicest product and good amenities - but it has traditionally been more expensive. Now, with rates coming down relative to a year or two ago, those who can afford it are coming back to this market."

Jose Juncadella, president of Fairchild Partners Realty, whose listings include Centergate at Gratigny and Sunshine State Industrial Park, said his company is also seeing a preponderance of tenants dealing with international trade rather than foreign distributors scouting space. "There's no question that there has been a lot more activity this year than at the end of last year," he said. "The statistics show improvement from the standpoint of numbers of transactions, but the market continues to deteriorate - more vacancies, a few more subleases. So there's some growth, but we don't have a pulse yet on what those transactions represent." Many are "blend and extend" deals, Mr. Juncadella said, in which the landlord agrees to blend the existing rate on a lease with a new, lower rate in exchange for early renewal. Short-term leases are also still in demand, he said, as companies adopt a wait-and-see attitude. "Normally in a tenant market," Mr. Juncadella said, "the tenant will want a long-term lease, but in this market they're unwilling to go long-term because of the lack of certainty." There are some signs, brokers said, that the market is coming around.

"The first group to rebound is usually companies in the 15,000- to 20,000-square-foot range," Mr. Albert said, "and that is where we're seeing activity." "Like everyone else, we're tracking numbers from the port and airport," Ms. Sanchez said, "and while the numbers are still down, there is some improvement. Everyone is looking to when the Panama Canal expansion opens up and it's able to take bigger ships. I think that will be a very good thing for Miami."