

Report: Miami-Dade industrial market struggling

While South Florida's overall industrial and office markets are struggling in the downturn, Miami-Dade County is having the hardest time, according to just released second quarter data from two real estate brokerages.

Miami-Dade's industrial sector is seeing its highest vacancies and availability rates in five years. The driver through the second quarter is that new tenant demand has waned and current tenants are looking to downsize, according to a **CB Richard Ellis** report.

"Deals in the 10,000- to 20,000-square-foot size range continue to be the cornerstone of the local market, while no deals in excess of 100,000 square feet were completed in the second quarter," according to the CBRE report.

Data released by **Cushman & Wakefield** paints a similar picture.

Miami-Dade's industrial year-to-date net space absorption was down 3.1 million square feet, compared to Broward County's 2 million negative absorption and Palm Beach County's 647,000 drop, according to Cushman & Wakefield.

The overall vacancy rate in Miami-Dade was 8.9 percent, compared to 9.7 percent in Broward and 7.9 percent in Palm Beach.

The overall office market is down, but Miami-Dade is faring better than its neighboring counties.

Overall net absorption through the second quarter is negative 570,000 square feet in Miami-Dade, negative 860,000 square feet in Broward and negative 1 million square feet in Palm Beach, according to Cushman & Wakefield data.

The overall office vacancy rate in Miami-Dade County is 16.1 percent, with average asking rents of \$30.55 a square foot. Broward offices had an overall vacancy rate of 17.5 percent, with average asking rents of \$27.54 a square foot, while Palm Beach's overall vacancy rate was 23.1 percent, with average asking

rents of \$28.51 square foot.

In what may be a ray of hope, the second quarter registered more large transactions, mainly from renewals and deals that allow tenants to stay put, according to CB Richard Ellis.

One notable transaction involved **Blue Cross Blue Shield of Florida**, which renewed 103,476 square feet at Westside Plaza in Miami's Airport West submarket.

Another notable lease was signed in May at **Bank of America Tower at International Place** in downtown Miami. **Fairchild Partners'** Tony Puente renewed UBS Financial Services lease on 34,500 square feet in a five-year deal valued at about \$7.5 million.

Tom Capocéfalo, managing director at tenant leasing brokerage Studley, said the UBS deal is typical of the conservative attitude many tenants have in a tough economy. Although brand-new Class A space is becoming available, tenants facing possible renewals are not only considering staying put, but some are giving back space.

With lots of new office buildings on the horizon – nearly 2 million square feet are now under construction – Miami is facing tougher times down the road, Capocéfalo and other real estate experts say.

Jose Juncadella, managing principal of Fairchild Partners, said Miami-Dade is doing better than South Florida's other two counties.

He also said there are some signs of improvement in the commercial sector. Investors are again reviewing pitches on properties where, a few months back, investment proposals were DOA. Local banks are also loosening up somewhat and providing some lending opportunities, he said.