



3Q13 MIAMI INDUSTRIAL MARKET

Newmark Grubb Knight Frank

INCREASED DEVELOPMENT BUILDS FOR DEMAND GROWTH

Miami's industrial market held steady in the third quarter although first appearances may be deceiving. Overall vacant space saw no change from last quarter and experienced a 10-basis-point drop from the 6.2% recorded at the close of third quarter 2012. However, the market has seen over 900,000 square feet of speculative construction delivered since the beginning of the year of which over 57.2% has been leased and occupied. This aided demand to outpace supply for the 14th consecutive quarter as vacancy rates remain not seen at this level since 2007. Tight market conditions continued to push asking rents upward as slight increases have taken place for 10 consecutive quarters.

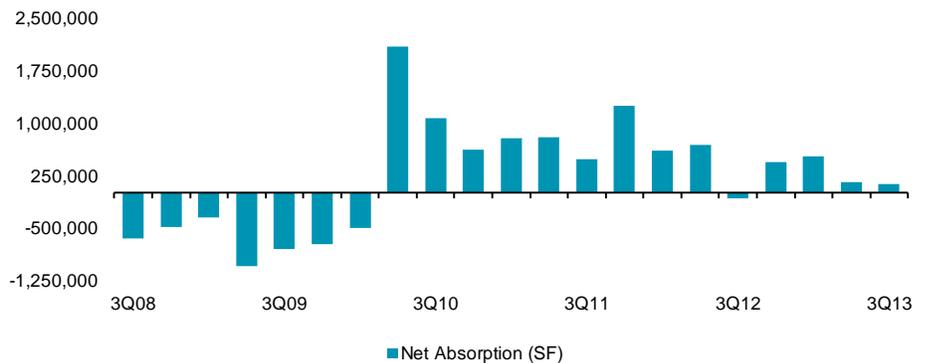
The quoted rate inched upward by \$0.85 from the \$5.01/sf triple net low recorded first quarter of 2011. Of this increase, \$0.47 occurred year-over-year from the \$5.39/sf triple net rent posted at this time last year. The market has recovered and less large-block spaces have remained. The pendulum has swung to the landlords favor as momentum builds for rising asking rates. This shift in market conditions has prompted developers to begin preparing for increased space needs.

Five buildings totaling over 623,000 square feet are currently slated to be completed over the next three quarters with the

Asking Rent and Vacancy



Absorption



Key Indicators

Total Inventory (SF)	201,865,652		
	3Q13	2Q13	3Q12
Asking Rent (Price/SF)	\$5.86	\$5.68	\$5.39
Vacancy Rate (%)	6.1%	6.1%	6.2%
Under Construction (SF)	623,628	53,000	0
	3Q13	2Q13	YTD
Net Absorption (SF)	128,652	147,315	792,655
Deliveries (SF)	53,000	352,720	908,761



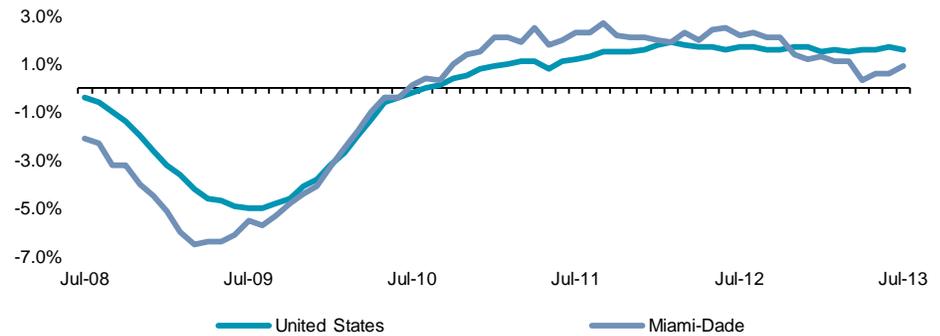
majority of space still available, as 146,000 square feet is preleased to Interport Logistics at Prologis Beacon Lakes in the Airport West submarket. Flagler Real Estate broke ground on another 170,000-square-foot distribution building in Flagler Station Liberty Property Trust started construction on a 147,000-square-foot logistics facility called the Miami International Tradeport. Both buildings are located in the Medley submarket and slated for completion toward the start of 2014.

As developers take advantage of diminishing available space, investor's interest has once again peaked in Miami's industrial sector. Unfortunately, not much is being seen in investment sales as no major facilities sold and owners held on to properties. The majority of transactions being seen are user-sales as some companies try to find remaining foreclosures before the rents begin climbing.

The industrial sector could see slight gains in vacancy with speculative projects expected. Rates should remain at levels where landlords have the edge at the negotiating table.

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
Lasership	International Corp. Pk. L-9905 NW 17 th St	Airport West	58,000
Total Cargo	Flagler Station #31-10200 NW 110 th Ave	Medley	56,144
Marine Harvest LLC	Beacon Centre #22-8500 NW 17 th St	Airport West	40,004
GLB Trucking	1400 NW 159 th St	NE Miami-Dade	39,651
CDC International Corporation	1125 NW 71 st St	Airport East/Central Miami-Dade	31,144

Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
3333 NW 116 th Ave	Northwest Miami-Dade	165,000	\$8,075,000	\$49
120 NW 165 th St	Northwest Miami-Dade	75,526	\$4,659,058	\$62
16333 NW 54 th	Northwest Miami-Dade	48,590	\$2,150,000	\$44
8717 NW 117 th Ave	Hialeah/Hialeah Gardens	45,000	\$2,150,000	\$48
5201 NW 37 th Ave	Hialeah/Hialeah Gardens	32,561	\$1,050,000	\$32



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	26,944,259	0	9.8%	-103,458	-15,816	\$5.07	\$14.72	\$6.19
Airport West	67,753,040	303,788	6.0%	-16,935	218,738	\$6.76	\$9.29	\$7.07
Hialeah/Hialeah Gardens	28,648,623	0	5.9%	140,453	186,702	\$3.64	\$7.35	\$3.34
Medley	21,623,079	319,840	6.2%	17,725	-4,419	\$5.05	\$9.45	\$4.90
Miami Lakes	5,937,551	0	3.3%	10,695	44,637	\$5.51	\$8.21	\$6.49
Northeast Miami-Dade	9,878,132	0	4.2%	-23,821	44,320	\$3.96	\$6.49	\$5.55
Northwest Miami-Dade	23,973,960	0	5.5%	29,717	389,885	\$4.35	\$7.61	\$4.96
South Miami-Dade	17,107,008	0	3.9%	74,276	-71,392	\$6.64	\$9.18	\$8.34
Miami-Dade Totals	201,865,652	623,628	6.1%	128,652	792,655	\$5.60	\$9.26	\$5.86



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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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