

Big industrial leases signed as all vie for limited opportunity

By CATHERINE LACKNER

There has been plenty of activity in the industrial market, both for existing and new buildings, observers say.

At South Florida Logistics Center, a new complex directly across from Miami International Airport, the fourth building is 50% preleased, though it won't be completed until the end of November, said Chris Sutton, vice president for business development for Flagler Global Logistics, a subsidiary of Florida East Coast Industries.

The building comprises 200,000 square feet of class A industrial space, he said. Two tenants have been signed, one each in the flower and logistics businesses, he said.

"We're speaking with several other companies; the majority of the demand comes from companies that deal with perishables or are in electronics."

In addition to its proximity to the airport, he said, "clients can take advantage of connectivity to other modes of transportation," such as a rail line that offers shuttle service to PortMiami and Port Everglades, as well as regular service out of the state. The complex is about 10 blocks from State Road 826, and the Florida Turnpike is a little further west.



Photo by Maxine Usdan

South Florida Logistics Center has preleased half of the fourth building's space before November finish.

"There are pretty good options for transportation."

Asking prices are \$8.64 triple net or \$10.95 gross per square foot. "This is brand new, first-generation space," Mr. Sutton said.

"This has been, I would say, a typical year for industrial," said Jose J. Juncadella, a principal of Fairchild Partners and president of the Commercial and Industrial Association of South

Florida, who has been in the industry 32 years.

The biggest transaction, in Hialeah, "was a big takedown of space at 301,000 square feet by Synergy Custom Fixtures, a company that manufactures custom cabinetry," he said. Pilot Air Freight Corporation and Dufry America each leased about 100,000 feet in Airport West. In Medley, Vanguard Logistics Services and international food

distributor Walton and Post each took 135,000 square feet.

"The biggest lease was Amazon last year, which took 336,000 square feet of space" for a distribution center in far west Doral.

"None of these companies are limited to being close to the airport," Mr. Juncadella said, so they can move farther away to take advantage of better rates. Class A industrial space

can be had for \$8.75-\$9.50 per square foot in Airport West and \$8.25-\$9 in Medley, he added.

"What it all comes down to is the amount of land available; there has never been an oversupply," he said. "There is a lot of constraint on the land. Residential, office, industrial — they are all vying for the same amount of land."

According to a report by commercial real estate firm Transwestern, significant leases between July 1 and Sept. 30 included US Impact Systems, which took 81,000 square feet in Doral; American Medical Response, which leased 50,000 square feet in Medley; and Prime, which signed a lease for 37,440 square feet in Miami Gardens.

The report further says that 2015 is "on track to exceed 2014's absorption of 3 million square feet. In the first quarter, the industrial market absorbed 1.3 million square feet, the strongest single-quarter performance seen in a decade."

That was followed by absorption of another 742,673 square feet in the second quarter and 679,069 in the third, the report said. With 2.7 million square feet absorbed through September, leasing activity through the rest of the year will determine whether 2015's leasing activity tops that of last year.