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Growth in industrial realty sector termed 'unprecedented'

BY CATHERINE LACKNER

Propelled by population growth and consumer demand for goods, Miami's industrial sector continues to be strong, say real estate sources.

"We're bullish on the industrial sector," said Audley Bosch, senior vice president of JLL, which will be the leasing agent for Gateway Commerce Park, an 850,000-square-foot complex set to rise on a former practice track at Calder Race Course. Target tenants are large logistics, distribution and supply-chain companies.

"Strategically located on the Florida Turnpike at the NW 27th Avenue exit, [it] will serve a base of occupiers that until now had to travel several miles west or north to find the type of modern distribution space that sophisticated logistics companies require today," said a release.

The park will be owned, developed and managed by EastGroup Properties Inc. Site development is expected to begin in the third quarter of this year, with plans for the first spec building to be delivered in the second quarter of 2018.

This is EastGroup's first Miami venture, said John Coleman, the company's executive vice president. "We carefully analyzed this opportunity and quickly realized that, as long-term owners, this site will provide quality and flexibility similar to other successful EastGroup parks in the Southeast," he said in a release. "The location and access to this site are incredible. As experienced industrial developers, we look for sites with freeway connectivity, good demographics, access to labor, an infill location and highway visibility. Gateway has all those things and then some."



Gateway Commerce Park is to sit on a former Calder Race Course practice track. It targets logistics, distribution and supply-chain companies.



Audley Bosch: industrial site bulls.



Wayne Schuchts: vacant land up.



Eric Rapkin: e-commerce impact.

"One of the biggest selling points is that it is equidistant to both Port Miami and Port Everglades," Mr. Bosch said. It's also positioned to serve both Miami-Dade and Broward counties and the Northwest 27th Avenue corridor, the demographics of which are middle- and upper-middle class, with family incomes hovering around \$70,000, he added.

"The Miami market has strong fundamentals," Mr. Bosch said. "It's virtually impossible to acquire a critical mass of land, because institutional buyers have taken notice of Miami. There are also strong barriers to entry: there are only 17 miles between the ocean and the wetlands."

"Throughout the last cycle, vacant land in Miami-Dade — particularly along major thoroughfares — was extremely

limited and has seen a significant increase in demand and value when compared to recent years," said Wayne Schuchts, a principal of Avison Young. "Institutional players have been quite active along the western portion of the market. Most notably, in Hialeah Gardens, Medley and Doral (Beacon Lakes), the few remaining land sites have been acquired for development along the Turnpike Extension."

"We expect pricing to maintain this steady climb until the supply of industrial/commercial property meets the needs of the brisk space demand, thus slowing down the appetite for new construction," added Bobby Benton, who works in brokerage services at Avison Young.

"However, as the economy continues to prosper, Miami-Dade County, along with other promi-

nent trade ports, will continue on an upward trajectory while the remaining supply for the viable land sites continues to dwindle."

Avison Young has been retained by EastGroup to sell a 7-acre outparcel at 21001 NW 27th Ave., at the entrance of Gateway Commerce Park. "As Miami faces a scarcity of development opportunities along major thoroughfares, this land parcel is a rare user or development opportunity with direct frontage on Florida's Turnpike, Turnpike Extension and Countyline Road, creating exposure to an estimated 250,000 vehicles daily," a release said.

"Growth in the industrial sector has been unprecedented," said Alex Zylbergait, Marcus & Millichap senior vice president of investments. "It's performing best of all asset classes."

With the development of

Wynwood, the Design District, Midtown and Little River, land for industrial use is becoming scarce, further tightening the market, he said.

"Even going west, there are not that many places available," he said. "East of I-95 in the Golden Glades area, people are buying and redeveloping sites, so they can have expressway access. Any well-located parcel is going to trade well. Anyone who owns land and has the staying power to carry it is going to be OK. They don't make any more of it."

"Raw land values for industrial and commercial sites continue to rise, in particular in neighborhoods that not many years ago were desolate and basically forgotten," said Eric Rapkin, a partner in the Akerman law firm who specializes in commercial real estate, via email. "The best recent examples are sites in and around Wynwood and the Design District. An interesting trend for infill sites relates to e-commerce retail. Specifically, industrial developers are looking more and more for sites as close to urban population centers as possible (known as 'last mile' development), because of customers' ever-rising expectations for immediate fulfillment of online orders."