

Miami-Dade County Retail Market Fundamentals Largely Unchanged During COVID-19 Outbreak

Executive Summary

In the first quarter of 2020, Miami-Dade County’s retail market fundamentals experienced minimal changes, despite the spread of COVID-19, with leasing activity slightly below the quarterly average and asking rents changing only 0.2 percent quarter-over-quarter. With asking rents currently \$38.33 per square foot, vacancy rates remain at 4.4 percent, the same as the start, and end, of 2019. Additionally, just over 420,000 square feet were leased this quarter, roughly 100,000 square feet less than the quarterly average. Net absorption and the amount of new construction were the most changed fundamentals.

Net absorption for the Miami-Dade County retail market was over 1 million square feet for the first quarter of 2020, the largest amount in a single quarter in the last 10 years. That amount coupled with over 1 million square feet of retail space delivering in the same quarter, also a 10-year high, indicates a balanced market. The largest completion, approximately 800,000 square feet, was the new Warren Henry Auto Dealership in North Miami; though the most notable delivery was phase one of 1212 Lincoln. 1212 Lincoln is a mixed-use development on Miami Beach’s pedestrian promenade, with close to 70,000 square feet of retail space and over 400 parking spaces. The developer, Crescent Heights, wants to bring Rooftop Cinema to the garage roof but needs the Miami Beach Commission to approve a zoning change.

Rooftop Cinema, along with Puttshack, a tech-infused mini golf experience with a private rooftop, leasing 29,000 square feet at Brickell City Centre, are examples of the experiential and entertainment-based retail trend that was taking shape in Miami-Dade County prior to the COVID-19 outbreak. Another retail trend currently taking shape is the expansion of discount and off-price retailers. This quarter, Burlington, a discount department store chain, signed leases for five stores to open throughout Miami-Dade County in the spring; the leases totaled more than 181,000 square feet.

The discount and off-price retailer trend also translates to the investor market, with the largest sale in the county this quarter (\$33 million) having new off-price tenants, Aldi and Dollar Tree, each in excess of 10,000

Summary Statistics

Q1 2020 Retail Market	Miami-Dade, FL
Vacancy Rate	4.4%
Change From Q4 2019 (Percent)	+0%
Absorption (Square Feet)	1,021,401
New Construction (Square Feet)	1,007,604
Under Construction (Square Feet)	2,523,349

Asking Rents

Per Square Foot Per Year	
Current Quarter	\$38.33
Previous Quarter	\$38.42
Year Ago	\$37.09

Market Trends

Relative to Prior Period	Q1 2020	Q2 2020*
Vacancy	↔	↔
Net Absorption	↑	↓
Construction	↓	↔
Rental Rate	↓	↓

*Projected

square feet. The 186,000 square foot Palmetto Plaza shopping center sold for \$33 million (\$177 per square foot) to CORE Investment Management. Shopping centers are popular with investors, especially as COVID-19 begins to affect the market with closures, as they are normally anchored by an essential business such as a grocery store. The Crystal Lakes Shopping Center sold for the second highest price of the quarter, \$22.7 million (\$265 per square foot) and has Presidente Supermarket as a tenant.

Market Highlights

- Success of retail trends, such as experiential/entertainment-based retail and off-price/discount retailers encourages developers and landlords to bring them to their properties, as seen through some of the largest leases and completions of this quarter.
- The Miami-Dade County retail market is healthy with minimal changes in rental rates and an unchanged vacancy rate quarter-over-quarter and year-over-year.
- During the uncertain times of COVID-19, shopping centers seem to be attractive assets to investors due to the variety of tenants.

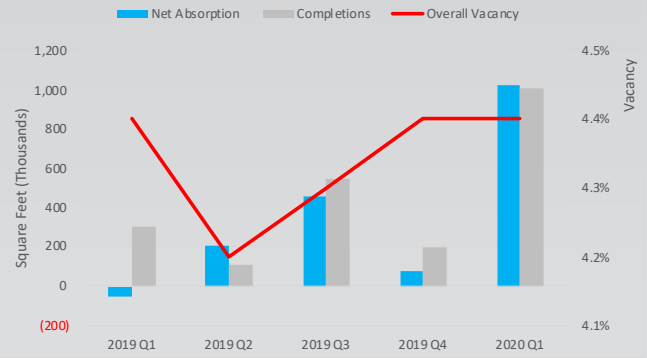
South Florida - Retail Market Trends

How COVID-19 Could Change the Retail Market

The COVID-19 outbreak is already having short term impacts on the retail market while long term impacts continue to play out. The pandemic began to effect South Florida directly near the end of the first quarter when statewide shutdowns and emergency orders took place. Since then, there has been a slowing in deals as consumer confidence in the market decreased with widespread stay-at-home orders and decision makers, in the leasing and sales market, pausing deals to understand the implications of the virus. In addition to stay-at-home orders, the State of Florida closed all non-essential businesses, which closed most all physical retail spaces, leaving restaurants, grocery stores and pharmacies among the few businesses open. Restaurants that choose to remain open are only allowed to operate take-out and delivery services putting a restrain on their usual revenues. All essential businesses are required to adhere to social distancing and contamination prevention regulations put in place. The habits and concerns that have formed because of COVID-19 could carry over to the post-pandemic world; upon reopening, restaurants may reconfigure their set ups so that customers are sitting six feet apart and grocery stores could keep lines on the floor marking how close you should be to another shopper. Hygiene measures, such as disinfecting wipes posted by shopping carts and hand sanitizer spread throughout stores may stay in place as well.

COVID-19 has affected the way the people live their everyday lives; social distancing measures and other regulations have caused many people to shop online. Online grocery shopping helps to avoid the risk of contamination while online clothes shopping is the only option. The views people once had on online shopping may have changed and could continue once regulations are lifted. The virus has changed operations and habits forcing a transformation upon the retail market which will continue to play out through the rest of 2020.

Completions, Absorption and Vacancy Rates

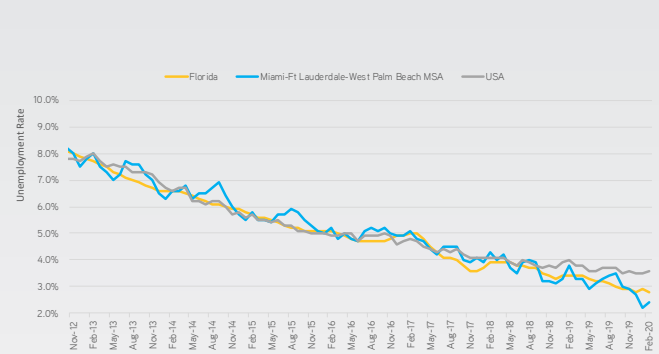


Record Completions

The Miami-Dade County retail market set a 10-year record for completions in the first quarter of 2020. Even with this record, net absorption surpassed 1 million square feet and the vacancy rate remained unchanged quarter-to-quarter.

Source: Colliers International, CoStar

Unemployment Trends



The Miami-Fort Lauderdale-West Palm Beach MSA unemployment rate posted 2.3 percent* in February 2020, representing a 30.3 percent decrease from February 2019. The state of Florida rate posted a 2.8 percent* unemployment rate for February 2020, below the national average of 3.5 percent.

*preliminary

Source: US Bureau of Labor Statistics

To better understand trends and emerging adjustments, please subscribe to Colliers' [COVID-19 Knowledge Leader](#) page for resources and recent updates.

In the midst of the COVID-19 outbreak, information and data is emerging at a quick and uneven rate. The information contained herein has been obtained from sources deemed reliable at the time the report was written. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.

SUBMARKET BREAKDOWN

SUBMARKET	BUILDINGS	TOTAL INVENTORY SF	DIRECT VACANCY %	TOTAL VACANCY %	NET ABSORP. CURRENT QTR. SF	NEW COMPLETIONS SF	UNDER CONSTRUCTION SF	AVG. DIRECT ASKING RATE NNN
CENTRAL BUSINESS DISTRICT								
Biscayne Corridor	43	1,216,719	5.3%	5.3%	(12,378)	0	0	\$29.84
Brickell	34	1,376,143	10.5%	10.6%	27,435	0	45,223	\$62.65
Downtown Miami	74	3,173,693	20.5%	20.6%	43,669	0	300,000	\$51.41
Miami Market	259	5,389,948	3.6%	3.6%	10,569	0	73,932	\$21.67
Miami Beach	221	7,071,963	6.5%	6.5%	231,560	92,725	408,993	\$76.85
SUBURBAN								
Aventura	65	5,188,420	2.1%	2.1%	(18,805)	0	215,000	\$47.94
Coconut Grove	36	1,280,609	5.4%	5.9%	7,463	0	80,000	\$59.53
Coral Gables	62	2,281,699	2.9%	3.0%	21,696	0	324,134	\$46.31
Coral Way	48	1,439,102	2.9%	2.9%	1,200	0	0	\$34.11
Kendall	315	16,306,694	3.1%	3.2%	10,258	0	22,000	\$30.40
Medley Hialeah	260	9,987,328	2.3%	2.8%	41,660	0	56,584	\$28.90
Miami Airport	240	13,097,238	2.9%	2.9%	(11,853)	0	321,300	\$35.02
Miami Lakes	77	4,432,089	5.2%	5.2%	(23,111)	0	0	\$21.24
Northeast Dade	214	9,445,364	2.8%	2.9%	778,908	800,000	21,000	\$23.31
Outlying Miami Dade	14	636,828	4.7%	4.7%	51,960	52,985	0	\$24.66
South Dade	228	9,597,741	4.6%	4.6%	(187,358)	0	639,282	\$26.31
West Miami	128	4,689,135	2.1%	2.1%	2,560	0	0	\$28.86

MIAMI-DADE COUNTY OVERALL MARKET

YEAR & QUARTER	# OF BUILDINGS	TOTAL INVENTORY SF	DIRECT VACANCY %	TOTAL VACANCY %	NET ABSORP. CURRENT QTR. SF	NET ABSORP. YTD SF	NEW COMPLETIONS SF	UNDER CONSTRUCT. SF	AVG. DIRECT ASKING RATE NNN
2020 Q1	2,479	101,017,389	4.2%	4.4%	1,021,401	1,021,401	1,007,604	2,523,349	\$38.33
2019 Q4	2,474	100,009,785	4.3%	4.4%	73,372	684,587	195,812	3,194,039	\$38.42
2019 Q3	2,469	99,824,852	4.2%	4.3%	457,080	611,215	543,371	2,934,429	\$38.88
2019 Q2	2,458	99,281,481	4.1%	4.2%	204,181	154,135	105,791	3,421,416	\$37.94
2019 Q1	2,456	99,187,672	4.2%	4.4%	(50,046)	(50,046)	300,790	3,131,230	\$37.09
2018 Q4	2,454	99,417,896	4.4%	4.5%	(300,724)	(374,016)	247,126	2,627,765	\$35.16
2018 Q3	2,453	99,241,144	3.9%	4.1%	152,523	(73,292)	301,207	2,714,805	\$35.59
2018 Q2	2,446	98,968,463	3.7%	3.9%	220,973	(225,815)	214,529	2,587,513	\$36.96
2018 Q1	2,443	99,018,300	4.0%	4.2%	(446,788)	(446,788)	137,566	2,295,353	\$37.31
2017 Q4	2,439	98,880,734	3.4%	3.6%	654,846	1,591,541	718,106	1,364,538	\$35.24
2017 Q3	2,429	98,173,741	3.4%	3.6%	295,189	936,695	279,012	1,876,013	\$33.95
2017 Q2	2,423	97,999,873	3.5%	3.7%	310,905	641,506	281,536	1,998,063	\$32.81
2017 Q1	2,416	97,793,837	3.6%	3.8%	330,601	330,601	708,687	2,095,349	\$31.77
2016 Q4	2,414	97,427,422	3.6%	3.8%	(20,666)	632,574	586,157	2,162,385	\$30.89
2016 Q3	2,409	96,841,265	3.1%	3.2%	123,575	653,240	144,996	2,602,968	\$29.99
2016 Q2	2,406	96,730,615	3.2%	3.3%	196,740	529,665	188,630	2,187,260	\$28.54
2016 Q1	2,405	96,607,121	3.3%	3.3%	332,925	332,925	106,646	1,749,641	\$28.74

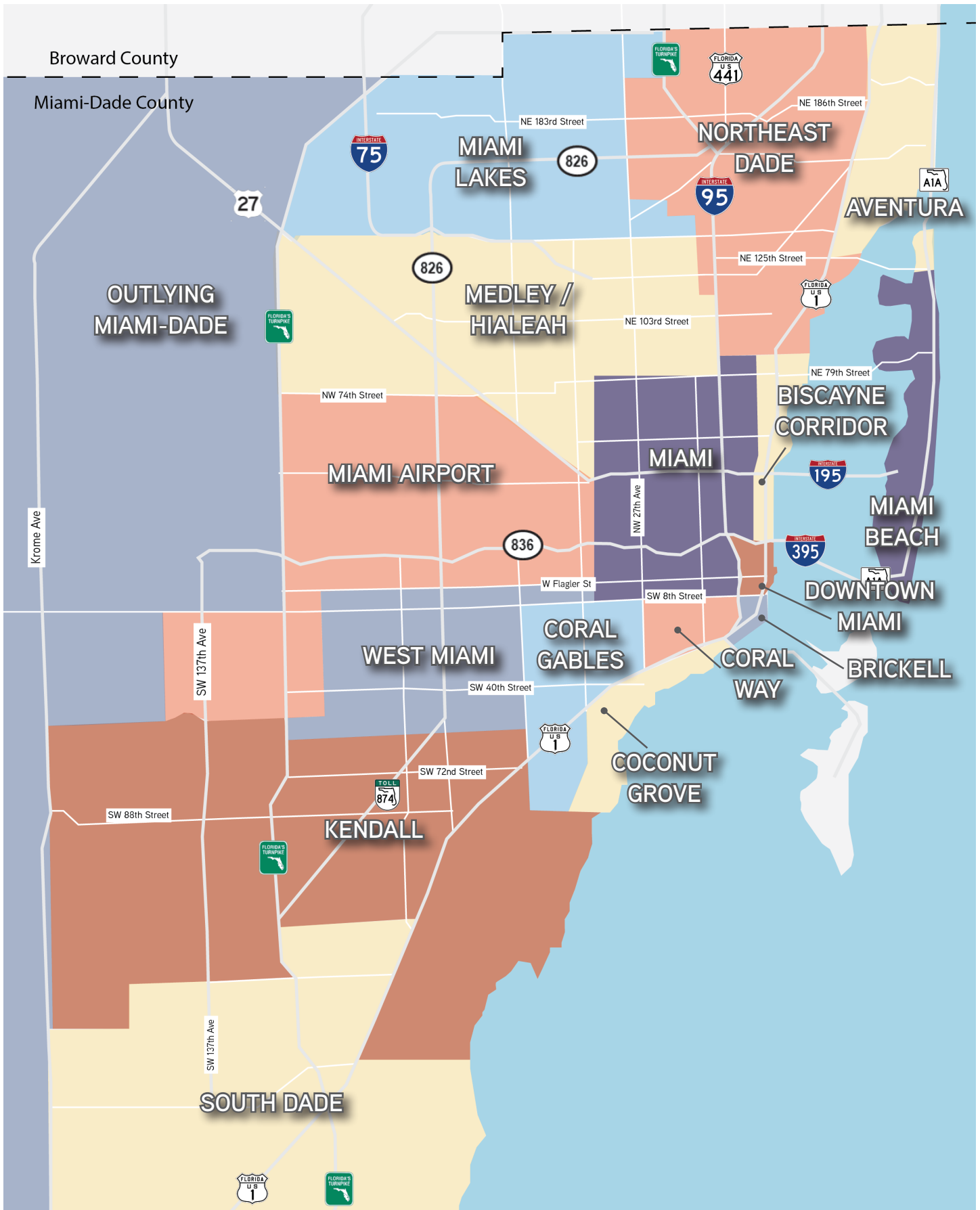
SALES ACTIVITY

PROPERTY ADDRESS	PROPERTY TYPE	BUYER NAME	SIZE (SF)	SALES PRICE (\$PRICE/SF)	SUBMARKET
Palmetto Plaza - 16341 NW 57th Ave	Shopping Center	Core Investment Management	186,000	\$33,300,000 (\$179)	Miami Lakes
Crystal Lake Shopping Center - 3338 NE 7th St	Shopping Center	Veraz Real Estate	85,000	\$22,713,700 (\$267)	South Dade
Biscayne Plaza - 1800 Biscayne Blvd	Ground floor condo	Delorean Holdings LLC	19,963	\$15,450,000 (\$774)	Biscayne Corridor
Chandler Building - 1452 Washington Avenue	Storefront	EXAN Capital	12,379	\$12,000,000 (\$969)	Miami Beach
Addison House Midtown Miami - 21 NW 36th St	Storefront	Adson 36 Street LLC	12,140	\$11,150,000 (\$918)	Miami

LEASING ACTIVITY

PROPERTY ADDRESS	SPACE TYPE	TENANT NAME	SIZE (SF)	LEASE TYPE	SUBMARKET
Palm Springs Mile - 700 W 49th St	Freestanding	Ashley HomeStore	100,000	New	Medley/Hialeah
Mall of the Americas - 7795 W Flagler St	Regional Mall	Burlington	52,000	New	Miami Airport
Block 55 - Overtown	Mixed-Use	Target	51,088	New	Downtown Miami
RK California Club - 850 Ives Dairy Rd	Shopping Center	Burlington	46,000	New	Northeast Dade
10700 Biscayne Blvd	Freestanding	Burlington	43,000	New	Northeast Dade
3895 W 20th Ave	Freestanding	Burlington	40,000	New	Medley/Hialeah
San Francisco Shopping Center - 551 NE 167th St	Shopping Center	iFresh	30,000	New	Northeast Dade
Brickell City Centre	Regional Mall	Puttshack	29,000	New	Brickell





18,000 professionals in
68 countries

- US \$3.5 billion in annual revenue
- 2 billion* square feet under management
- 70,000 total sale/lease transactions
- \$129+ billion USD in total transaction value

*Square footage includes office, industrial and retail property under management. Residential property is excluded from this total. All statistics are for 2019.



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