

RETAIL

Miami-Dade Metro Area

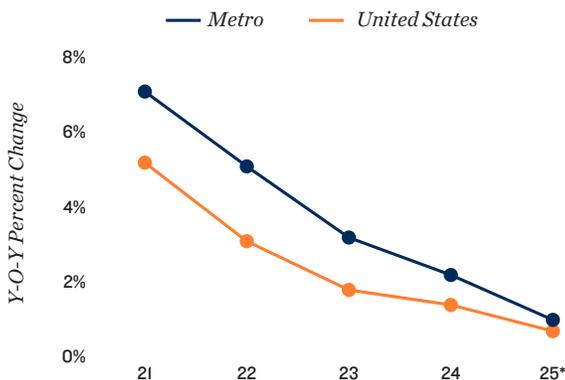
3Q/25

Florida's Least-Vacant Retail Market Pauses Recent Progress Amid Retail Space Demand Shortfall

Attractive fundamentals inhibited by national conditions. The pattern of domestic in-migration that has benefited markets in the southeastern United States in recent years is projected to decelerate this year. Tourism spending is also declining, coinciding with signs of labor market softness, affecting Miami-Dade county especially. This backsliding still leaves the metro's vacancy rate below its post-2006 average of 3.9 percent. Only six major markets will hold lower measures at year-end. The outlook also carries some greenshoots. A slowing pace of deliveries in 2025 may dwindle even further next year if interest rates and materials costs remain elevated, potentially allowing the vacancy rate to compress.

New zoning ordinance poses risks and rewards. The city of Miami's Transit Station Neighborhood Development ordinance, approved in late July, allows for taller, denser multifamily buildings to be constructed with less required parking in designated areas around metro rail stations. The most significant impact for retail properties would be increased foot traffic near opportune stores, but mixed-use development could hypothetically bring competing retail space as well. Roughly half the land area of the city is covered by such zones, but projects would need to be approved by city commissioners. Moreover, the stipulation that significant portions of delivered units be reserved for households with incomes at or below the area median income may narrow the policy's appeal to developers.

Employment Trends



* Forecast
Sources: BLS; CoStar Group, Inc.

Retail 2025 Outlook



12,000

JOB
will be created

EMPLOYMENT:

As the Miami-Dade County labor market cools, it remains in the top half of major metros for job growth. Employment here will expand by 0.9 percent year over year in 2025 — about half the pace achieved last year.



710,000

SQ. FT.
will be completed

CONSTRUCTION:

Supply growth is set to decelerate by 416,000 square feet this year, enlarging inventory by 0.6 percent. This posting still ranks among the top 15 fastest-growing major markets and is Florida's highest major metro rate.



60

BASIS POINT
increase in vacancy

VACANCY:

Relenting supply pressure gives the Miami-Dade vacancy rate some assistance, but last year's million-plus square-foot net absorption will tip over into minor net relinquishments, sending the metric to 3.5 percent.



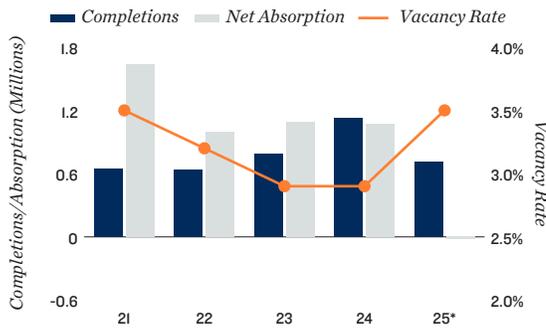
5.1%

DECREASE
in asking rent

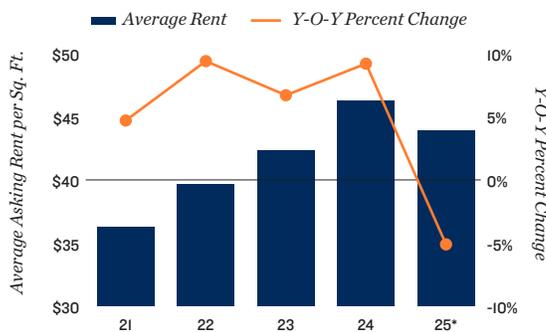
RENT:

The average asking rent in the county ends the year at \$43.90 per square foot, as the largest vacancy rate bump in 16 years brings a change of course. By contrast, in 2024, the mean rent increased 9.2 percent year over year.

Supply and Demand



Rent Trends



Sales Trends



* Forecast ** Through 2Q

Sources: CoStar Group, Inc.; Real Capital Analytics

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The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics

2Q 2025 — 12-Month Period

CONSTRUCTION

1,124,000 sq. ft. completed

- Deliveries surged in the 12 months ended in June, bringing the year-over-year inventory growth rate to 1.0 percent. Completions were weighted toward the winter, with about 700,000 square feet completed in late 2024.
- Almost all of the supply growth in this 12-month period was attributable to projects in the West or Downtown Miami submarkets.

VACANCY

30 basis point increase in vacancy Y-O-Y

- The metro's vacancy rate was 3.3 percent in June, a measure last seen in March 2023. Slight net relinquishments early in 2025 escalated to 150,000 square feet vacated on net in the second quarter.
- Vacancy in one of the larger submarkets by inventory, Medley-Hialeah, fell 70 basis points to 1.4 percent in the 12 months ended in June.

RENT

3.3% decrease in the average asking rent Y-O-Y

- The market's average asking rent receded to \$44.11 per square foot in June. Growing net relinquishments pulled the metric back from a new high recorded in the first quarter.
- June's single-tenant rent growth measure of 1.9 percent year over year was eclipsed by a decline of over 10 percent in the multi-tenant metric.

Investment Highlights

- Miami-Dade County's transaction velocity increased by almost 20 percent year over year in the 12-month period ended in June. Both single- and multi-tenant exchanges grew, but multi-tenant activity rose faster proportionally. Single-tenant property performance was in a stronger position broadly, but growth in the price per square foot of multi-tenant buildings was more modest. This allowed for an average cap rate of 5.9 percent — a 40 basis point premium over single-tenant properties.
- Multi-tenant deals in the four quarters ended in June included four centers larger than 200,000 square feet in size that each changed hands for over \$20 million. Deal flow was nevertheless still driven by trades in the \$1 million to \$10 million band, including several premises built between 1950 and 1980 with multi-decade hold periods on the seller side.
- South Dade County single-tenant assets saw increased deal flow in that same 12-month period. Its segment vacancy rate of 1.8 percent sat below most submarkets with single-tenant inventory over 3 million square feet. Investors may be following efforts to build new communities in the relatively undeveloped submarket, which contains Homestead and Cutler Bay.