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Airport West to be built out in 2006

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Four years from now, it's likely that no more land will be available for new development in the bustling Airport West area, Miami-Dade County's warehouse and distribution hub catering to international trade, according to a new report from the South Florida Land Group (SFLG), a division of the commercial brokerage CB Richard Ellis.

Land prices, as a result, could more than double, reaching as high as \$33 a square foot. Prices today cost between \$10 and \$15 a square foot, though land for a new McDonald's restaurant on Northwest 87th Avenue and 25th Street recently sold for \$25 a square foot.

International trade, development and governmental legislation are important "supply and demand" factors affecting this market of 8,960 landlocked acres, according to the study.

Business proximity to the airport is what drives demand and prices, said Paul Cohen, a CB Richard Ellis real estate broker who authored the study to determine the exact amount of developable space for industrial/distribution left in Airport West.

"Your freight forwarders, in particular, all these guys have to be adjacent to the airport and the cargo, which is on the west side [of the airport]," he said. "You can go to Hialeah to get half the price, but that's miles away."

The area for the study extended west from Miami International Airport to Florida's Turnpike, and north from the Dolphin Expressway (State Road 836) to Northwest 74th Street.

Cohen, who said his group is studying other airports in the top 30 major markets around the world, compared the situation to Tokyo, where there is little land and practically no land near the major airports. Logistics businesses depend heavily on being near major transportation hubs.

Use and location drive price, he said. The average cost a square foot for industrial land in the Doral area runs between \$10 and \$15. Retail, by comparison, is much higher.

There's currently no business coming from Cuba and a weak Latin American market, he noted. But that could change in an instant, especially as the U.S. economy • the world's largest • continues to rebound.

Land is available west of the turnpike, and the area between the turnpike and Krome Avenue is ripe for development.

"When that opens up, it's going to be nuts," said Cohen, adding that Codina already opened its Beacon Lakes project there. One down side is that the turnpike is 10 to 12 miles west of the airport.

With 821 acres of land available in Airport West and the average annual absorption of 3 million square feet of industrial space, the supply should run out sometime in June 2006. The South Florida Land Group even estimated the time of day • 4 p.m.

Miami-Dade's industrial market vacancy rate opened up last year slightly, from 6.6 percent during the fourth quarter of 2000 to 7.5 percent in the first quarter of 2001. A Cushman & Wakefield report said the rise in vacancy was due to construction completions as well as space additions that came online as a result of the rush to fill demand for the high-tech void.

Said Cushman & Wakefield: "The recent space additions give much needed relief to tight market conditions especially in the Airport West area."

Despite the increase in vacancy, demand for space • especially in the warehouse/distribution sector • remained strong, with a 41 percent increase in leasing activity from the first quarter of 2000 to the first quarter of 2001.

That trend continues, Cohen said.

Forrest Robinson, director of development services for the Codina Group, said his company was one of the first commercial real estate companies to see the potential of Airport West with its Beacon Centre project.

"The problem today in Airport West is that there are only small pockets of available land," Robinson said. "A developer can't find 40, 50 or 100 acres on which to develop a project. This restricts companies that need large projects from moving to the area.

"It also limits institutional investors who want to develop projects that are several million square feet."

Robinson said that as the local market rebounds, there will be some appreciation in land prices based on supply and demand. Driving demand will be the fact that some companies must be close to the airport.

"The airport is a mainstay of Miami's • specifically Airport West's • economy," Robinson

said. "Airport West will continue to be the dominant industrial area in Miami-Dade County. As economies rebound in South America, more imports and exports will flow in through this submarket."