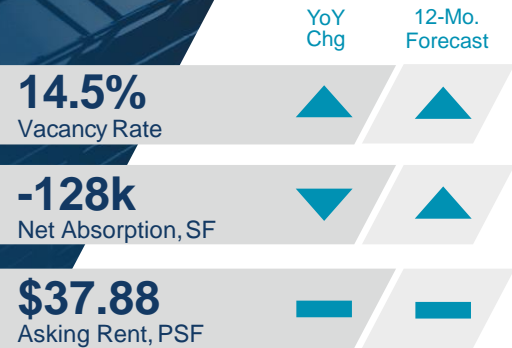


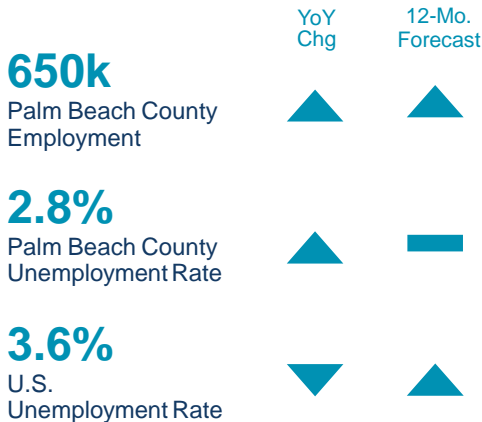
Palm Beach County

Office Q4 2019



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2019



Source: BLS

*Numbers above are monthly figures, FL Dept. Economic OPP.

ECONOMY: Palm Beach's Strong Workforce Remained Stable

Palm Beach continued to thrive with unemployment falling 50 basis points (bps) year-over-year (YOY) to 2.8%. Government jobs lead the state in annual growth for the sector at 4.8%, or 3,200 additional positions. Financial Services grew faster in Palm Beach County with a 3.0% increase in the past 12 months adding 1,200 jobs. Other industries showing strong gains were Professional & Business Services and Education & Health Services with a combined addition of 2,800 jobs.

SUPPLY: Speculative Deliveries Drove Vacancy Rates

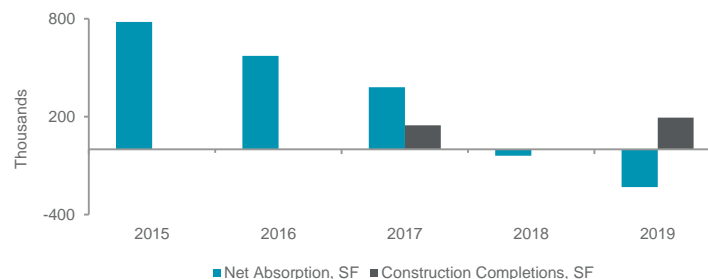
Office deliveries at the end of 2019 pushed overall vacancy rates upward to 14.5%, which was 90 bps higher than 12 months prior. The most significant increase in overall vacancy took place in the Palm Beach Gardens/North Palm Beach submarket with a 680 bps YOY change to 18.3%. This rise in vacancy was largely due to the delivery of the South Tower at Divosta Towers. The South Tower, over 110,000 square feet (sf) of Class A office space, was less than 50% occupied but leased over 50,000 sf to several tenants with occupancies ranging from 2,500 to 20,000 sf in size.

Over 190,000 sf of office space was completed in 2019, the highest level in the last 10 years. Approximately 750,000 sf of Class A office space was under construction at the close of 2019. With a set delivery of mid-2020, the North Tower at Divosta Towers in the Palm Beach Gardens/North Palm Beach submarket will bring additional 110,000 sf of Class A space. One West Palm, a major mixed-use project in the West Palm Beach's Central Business District (CBD) with 200,000 sf of office space, remained underway with its delivery set for late 2021. The CBD will have another significant delivery in mid-2021 at 360 Rosemary Avenue, a 300,000 sf Class A office building with some pre-leasing already in place.

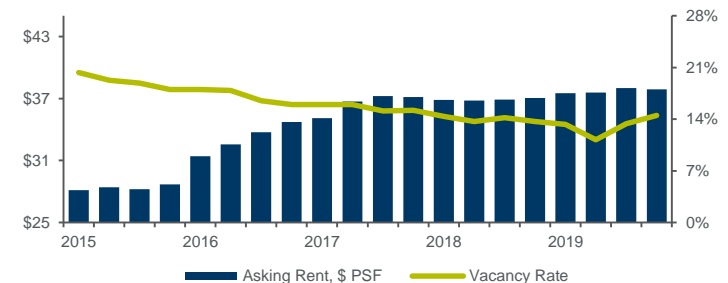
PRICING: Palm Beach Rent Growth Remained Strong

Palm Beach County asking rental rates reached an all-time high at 37.88 psf, a 2.3% YOY increase. Overall asking rental rates increased by 2.3% YOY to \$37.88 per square foot (psf) full service. Class A rates remained at a historic high at over \$60.00 psf in the CBD. Palm Beach's non-CBD Class A rose 5.5% in the past 12 months to \$43.89 psf full service. The Delray Beach submarket recorded the highest increase in rental rates with a 36.9% increase over the year to \$41.38 psf full service. The main driver in Delray Beach's rental rate growth was attributed to the demand and the office space deliveries of mixed-use developments in eastern parts of the city earlier in the year.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Palm Beach County

Office Q4 2019



DEMAND: Leasing Activity Thrived in Palm Beach

Leasing activity in 2019 ended with a total of approximately 1.6 million square feet, a 21.9% increase (msf) year-to-date (YTD). The fourth quarter recorded over nearly 217,000 sf of leasing activity. The Boca Raton market led the county in leasing activity with approximately 88,000 sf for the quarter. The Northwest Boca Raton submarket ended 2019 with the most leasing activity in the county with more than 390,000 sf leased. The major lease in the submarket was signed by Millcreek Property Trust for 27,000 sf. A noteworthy YOY increase in leasing activity was recorded in Delray Beach with nearly 120,000 sf leased YTD, a 270.1% YOY change. Buildings along Congress Avenue, a main thoroughfare in Delray Beach, recorded the lion's share of Delray's yearly leasing activity with approximately 100,000 sf leased.

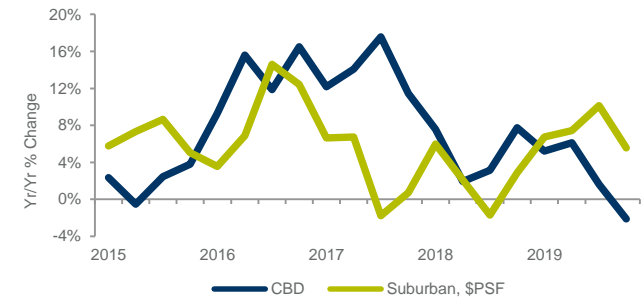
Palm Beach County's overall net absorption in 2019 ended negative with -210,000 sf YTD. Major move-outs in the fourth quarter included TherapeuticsMD in Boca Raton as well as BB&T in North Palm Beach for a loss of nearly -45,000 sf combined. Delray Beach recorded the most absorption in the fourth quarter with over +16,000 sf of positive net absorption. Intel Travel and Taron Holdings, which occupied 14,000 sf and 7,500 sf, respectively, moved in at 1615 S Congress Avenue, a building that recorded over 48,000 sf leased in 2019. Among other major move-ins for the year were Flexshopper, NYU School of Medicine, and the Keratin Complex for approximately 62,000 sf combined.

Outlook

- The office market in Palm Beach County was poised for a strong start in 2020 as construction was at a 10-year high and leasing activity experiencing a 5-year high.
- Cushman and Wakefield anticipates asking rents to remain stable in the CBD and suburban markets as new construction delivers to the market over the next 18 months.
- New space options coming to the market in 2020 could impact vacancy in the short term.

*Some numbers may not reflect previous reports

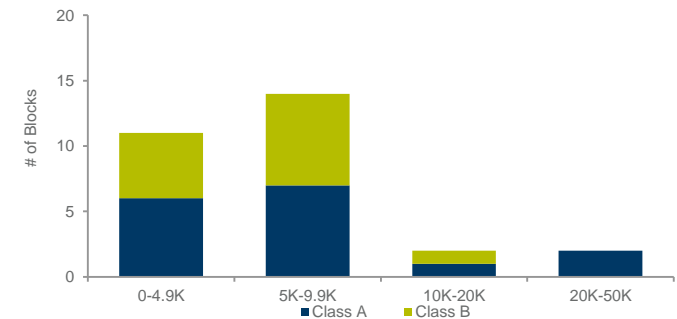
CLASS A ASKING RENT



DIRECT VS. SUBLEASE SPACE AVAILABLE COMPARISON



BLOCKS OF CONTIGUOUS SPACE



Palm Beach County

Office Q4 2019

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
West Palm Beach CBD	3,209,572	36,311	453,086	15.2%	-57,304	-72,435	182,349	497,095	\$48.75	\$60.76
Suburban Palm Beach County	20,373,519	138,315	2,801,295	14.4%	-70,753	-138,188	1,475,106	254,971	\$35.92	\$43.89
SUBURBAN WPB	3,514,260	23,582	555,541	16.5%	-21,624	-95,790	177,418	0	\$32.98	\$42.11
Suburban West Palm Beach	2,933,137	23,582	451,647	16.2%	-25,855	-84,413	146,840	0	\$28.19	\$32.13
Palm Beach	581,123	0	103,894	17.9%	4,231	-11,377	30,578	0	\$64.14	\$66.85
NORTH PALM BEACH	3,452,945	7,339	541,507	15.9%	-57,908	-95,793	230,593	171,971	\$32.98	\$42.11
Palm Beach Garden/N. Palm Beach	2,730,697	6,093	493,272	18.3%	-63,301	-82,402	215,084	171,971	\$35.61	\$41.95
Jupiter/Tequesta/Juno	722,248	1,246	48,235	6.9%	5,393	-13,391	15,509	0	\$31.36	\$44.75
SOUTH PALM BEACH	1,905,894	32,219	271,950	16.0%	13,412	66,368	268,119	83,000	\$31.91	\$47.34
Lake Worth	538,017	13,168	74,328	16.3%	-5,134	11,541	50,662	0	\$26.04	\$36.75
Boynton Beach	524,120	9,218	102,907	21.4%	1,735	14,254	96,785	0	\$23.95	\$37.50
Delray beach	843,757	9,833	94,715	12.4%	16,811	40,573	120,672	83,000	\$41.38	\$53.53
BOCA RATON	11,500,420	75,175	1,432,297	13.1%	-4,633	-12,973	798,976	0	\$37.15	\$42.71
Glades Road	2,940,002	33,298	265,335	10.2%	9,902	113,968	200,936	0	\$46.55	\$49.16
Federal Highway Corridor	1,129,928	11,134	116,751	11.3%	535	15,551	127,667	0	\$33.42	\$35.44
Northwest Boca Raton	5,744,772	21,924	828,783	14.8%	-15,729	-112,169	392,506	0	\$33.02	\$36.35
Southwest Boca Raton	486,170	0	30,766	6.3%	731	-17,599	19,153	0	\$29.72	\$27.42
Downtown Boca Raton	1,199,548	8,819	190,662	16.6%	-72	-12,724	58,714	0	\$42.00	\$43.44
PALM BEACH TOTALS	23,583,091	174,626	3,254,381	14.5%	-128,057	-210,623	1,657,455	752,066	\$37.88	\$47.06

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
3301 Quantum Blvd	Boynton Beach	NYU School of Medicine	28,742	New Lease
4855 Technology Way	Northwest Boca Raton	Millcreek Property Trust	27,079	New Lease
1400 Centrepark Boulevard	Suburban West Palm Beach	The Weitz Company, LLC	11,336	New Lease

*Renewals not included in leasing statistics

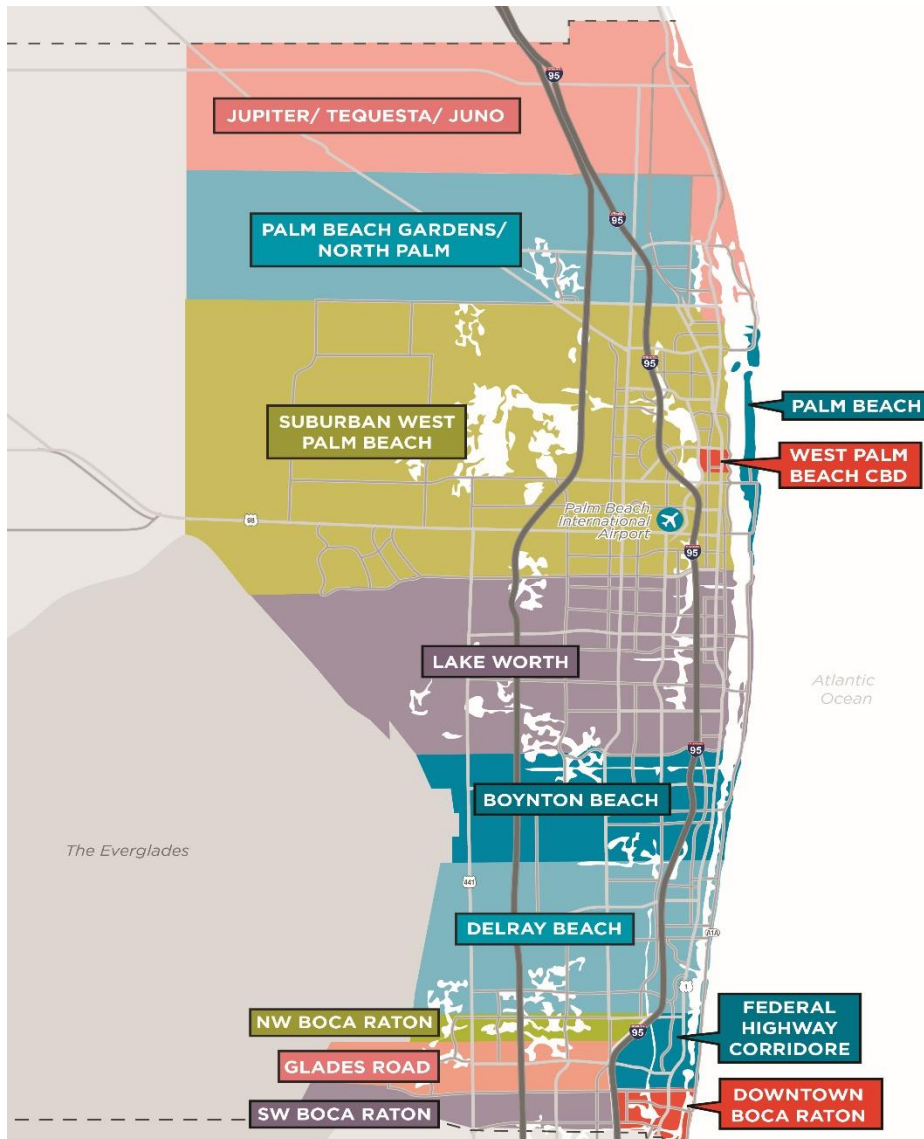
KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1601 Forum Place	Suburban West Palm Beach	Centurion Tower LLC / Suffolk Advisors	143,966	\$32.5M/\$225.75

Palm Beach County

Office Q4 2019

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