

YoY
Chg

3.2%
Vacancy Rate



186k
YTD Net Absorption, SF



\$10.66
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2020

YoY
Chg

570k
Palm Beach
Employment



14.1%
Palm Beach
Unemployment Rate



13.0%
U.S.
Unemployment Rate



Source: BLS, numbers above are monthly figures,, FL Dept. Economic OPP.

ECONOMY

Palm Beach County, part of the South Florida region, had an unemployment rate of 14.1% in May 2020, down 10 basis points (bps) from the previous month but up 1,100 bps higher than one year ago. Nonagricultural employment was 569,900, a decrease of 71,300 jobs, or 11.1%, over the year. Every major employment sector forfeited jobs. Over 40% were lost in the Leisure & Hospitality sector, at 45,500 jobs gone. Construction and Manufacturing sectors lost 700 and 600 jobs respectively.

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

SUPPLY

The Palm Beach County industrial market remained tight as overall vacancy ended the second quarter at 3.2%, a slight decrease of 20 bps from a year ago. Overall vacancy in warehouse/distribution fell by 10 bps year-over-year (YOY) to 3.5%. Only one building totaling 161,000 sf delivered year-to-date (YTD) in the West Palm Beach submarket that was 100% preleased by SWI Solutions. Another 1.0 msf was under construction with 0% preleased. Vacant sublease space remained very low, significantly less than 1.0% of overall inventory.

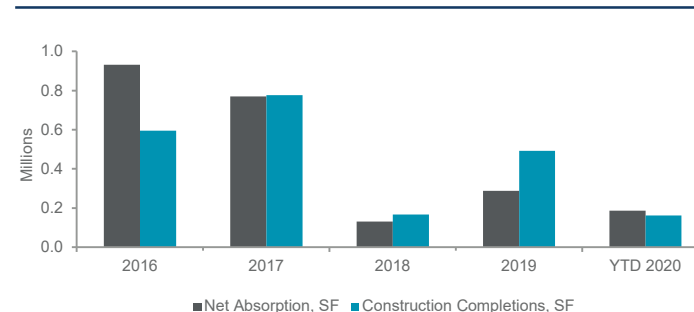
DEMAND

Second quarter new leasing activity reached 86,000 square feet (sf), the lowest amount for a quarter in the last 3 years. Demand saw a significant decline in the second quarter as it accounted for only 12% of the total YTD. The Boca Raton submarket had the most activity out of any submarket in the quarter with 43,000 sf signed, or 50% of total activity. Niagara Bottling had the largest transaction YTD, signing for 114,000 sf in the Jupiter submarket. Tenant move-ins, specifically in warehouse/distribution during the second quarter, added to positive absorption levels in the first six months with over 186,000 sf YTD.

MARKET PRICING

Overall rental rates slightly decreased as demand slowed in the second quarter. Triple net asking rents for the industrial market decreased by less than 1.0% YOY to \$10.66 per square foot (psf). Rental rates in warehouse/distribution experienced a drop of 1.8% to \$9.74 psf in the last 12 months. The Boca Raton and West Palm Beach submarkets were the only submarkets where rates increased YOY with the West Palm Beach submarket escalating the most to \$10.64 psf, or an 11.1% increase.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q2 2020

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Boca Raton	6,793,692	297,748	4.4%	16,662	-4,245	0	0	\$11.95	\$14.99	\$13.89
Jupiter	2,969,203	249,991	8.4%	2,400	-2,644	0	0	\$14.84	\$9.50	\$7.87
Delray Beach	1,733,955	19,864	1.1%	1,125	-2,875	0	0	N/A	N/A	\$11.11
Boynton Beach	3,099,036	173,218	5.6%	563	534	0	0	N/A	\$11.85	\$8.86
Lake Worth	1,687,324	39,000	2.3%	0	3,250	0	0	N/A	N/A	\$8.15
Riviera Beach	8,198,549	156,490	1.9%	-16,690	-20,750	120,282	0	\$7.19	\$9.25	\$8.14
West Palm Beach	14,759,926	324,769	2.2%	35,623	213,223	867,071	161,725	N/A	\$12.22	\$10.32
PALM BEACH TOTALS	39,241,685	1,261,080	3.2%	39,683	186,493	987,353	161,725	\$7.78	\$14.00	\$9.74

*Rental rates reflect weighted net asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS YTD 2020

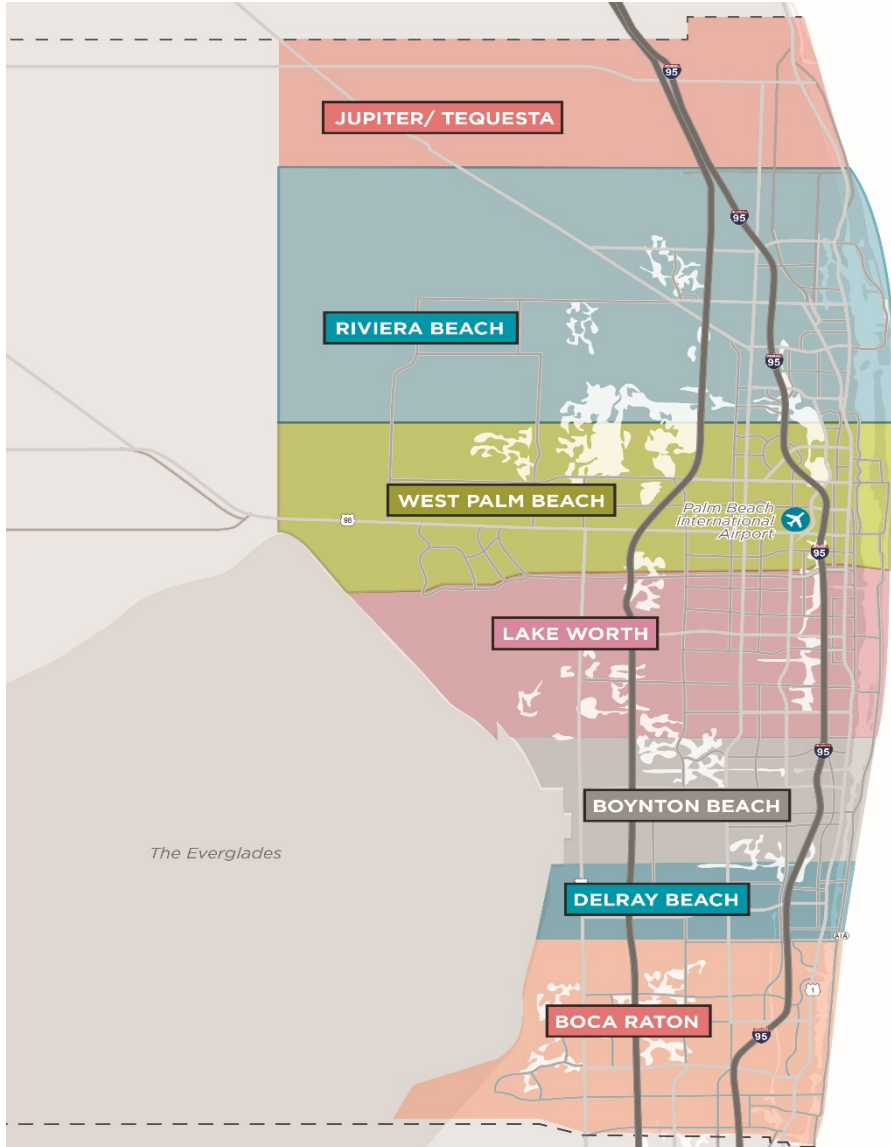
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
700 103 Ave	West Palm Beach	Millwork Sales	152,390	Renewal*
15335 Park of Commerce Boulevard	Jupiter	Niagara Bottling	114,536	New Lease
6043 Southern Boulevard	West Palm Beach	Home Depot	77,870	New Lease
6965 Vista Parkway North	West Palm Beach	Trane U.S., Inc.	63,117	Renewal/Expansion*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1701 Military Trail	Jupiter	PointOne Holdings/ Pebb Enterprises	186,664	\$31.4M/\$168
700 Banyan Trail	Boca Raton	Leder Group / Brookfield Property Partners	175,625	\$31.4M/\$178
1177 Blue Heron Boulevard	Riviera Beach	Stateside Capital Group / Dalfen Industrial	152,190	\$18.3M/\$120
5731 Premier Park Drive	West Palm Beach	Blackstone / WPT Industrial REIT	97,298	\$14.1M/\$145

INDUSTRIAL SUBMARKETS



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