

Industrial Q2 2022

	YoY Chg	12-Mo. Forecast
3.6% Vacancy Rate	▼	▼
156K YTD Net Absorption, SF	▲	▲
\$13.19 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2022

	YoY Chg	12-Mo. Forecast
664K Palm Beach Employment	▲	▲
2.4% Palm Beach Unemployment Rate	▼	—
3.6% U.S. Unemployment Rate	▼	▼

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

ECONOMY

The unemployment rate in Palm Beach County was 2.4% in May 2022, down 190 basis points (bps) from 12 months prior. Nonagricultural employment was 663,800 a 5.0% increase year-over-year (YOY) or 31,600 jobs added. All nonagricultural employment sectors in Palm Beach County gained jobs over the year. Leisure & Hospitality recorded the most jobs gained over the year, up 12.7% with 10,300 jobs added. Industrial-using employment which included Construction, Manufacturing, Trade, Transportation & Utilities had a combined increase of 8,600 jobs over the year.

SUPPLY

Overall vacancy was 3.6% at the end of the quarter, on par with the second quarter of last year. Warehouse/distribution's overall vacancy ends the quarter at 4.0%, a 60 bps increase over the last. Vacancy rates increased for each product type, with Office Services seeing the largest increase of 140 bps. Palm Beach County had approximately 1.2 million square feet (msf) under construction at the end of the second quarter in the Boca Raton, Riviera Beach, and West Palm Beach submarkets. Projects in Lake Park and West Palm Beach, totaling over 700,000 sf, were expected to complete next quarter. Over 90% of all projects were expected to complete before the end of the year.

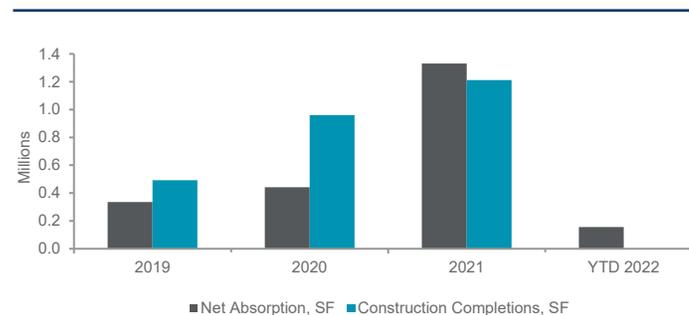
DEMAND

Year-to-date new leasing activity reached 849,562 square feet (sf), up 25% YOY. Boca Raton continued to be a driver in the market, accounting for nearly 40% of total leasing activity. Warehouse/distribution space accounted for nearly 70% of all new leasing activity this year with over 591,867 sf signed, 17.2% higher than the same period one year ago. Overall net absorption remained positive with 155,596 sf through the first half of 2022. Just 10.2% or 15,895 sf occurred in the second quarter. Large tenant move-ins to the West Palm Beach submarket helped offset negative absorption throughout the county.

MARKET PRICING

Overall asking rental rates increased from \$10.55 per square foot (psf), to \$13.19 psf triple net, or a massive 20.0% YOY. Asking rates continued to rise throughout the quarter due to owner confidence in elevated demand outpacing existing and newly built supply. The Delray Beach and Boca Raton submarkets continued to drive the price per square foot in the market up, with \$13.68 psf and \$15.65 psf respectively. Limited supply and high barriers to entry continued to allow landlords to raise rates to historic highs. Palm Beach County continued to record historically high rents for all product types on a quarterly basis.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (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	6,703,275	264,957	4.0%	-35,923	338,548	259,117	0	\$13.25	\$16.09	\$15.08
Jupiter	4,590,228	212,188	4.6%	154,368	213,121	0	0	N/A	N/A	N/A
Delray Beach	1,823,390	31,870	1.8%	-14,328	8,206	0	0	N/A	\$13.50	\$13.88
Boynton Beach	3,254,576	69,550	2.1%	38,519	53,550	0	0	N/A	N/A	\$11.03
Lake Worth	1,565,111	2,000	0.1%	-1,000	24,733	0	0	\$19.25	N/A	N/A
Riviera Beach	7,987,610	92,200	1.2%	7,390	80,975	416,949	0	\$9.72	N/A	\$7.28
West Palm Beach	13,980,307	760,835	5.4%	6,570	130,429	484,551	0	\$9.03	\$13.19	\$11.50
PALM BEACH TOTALS	39,904,497	1,433,600	3.6%	155,596	849,562	1,160,617	0	\$10.16	\$15.58	\$12.28

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

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

PRODUCT TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	YTD CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Manufacturing	6,661,205	109,397	1.6%	-3,665	-42,777	58,079	0	0	\$10.16
Office Services/Flex	4,965,976	201,206	4.1%	-51,976	-37,010	199,616	0	0	\$15.58
Warehouse/Distribution	28,277,316	1,122,997	4.0%	71,536	235,383	591,867	1,160,617	0	\$12.28
PALM BEACH TOTALS	39,904,497	1,433,600	3.6%	15,895	155,596	849,562	1,160,617	0	\$13.19

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

KEY LEASE TRANSACTIONS Q2 2022

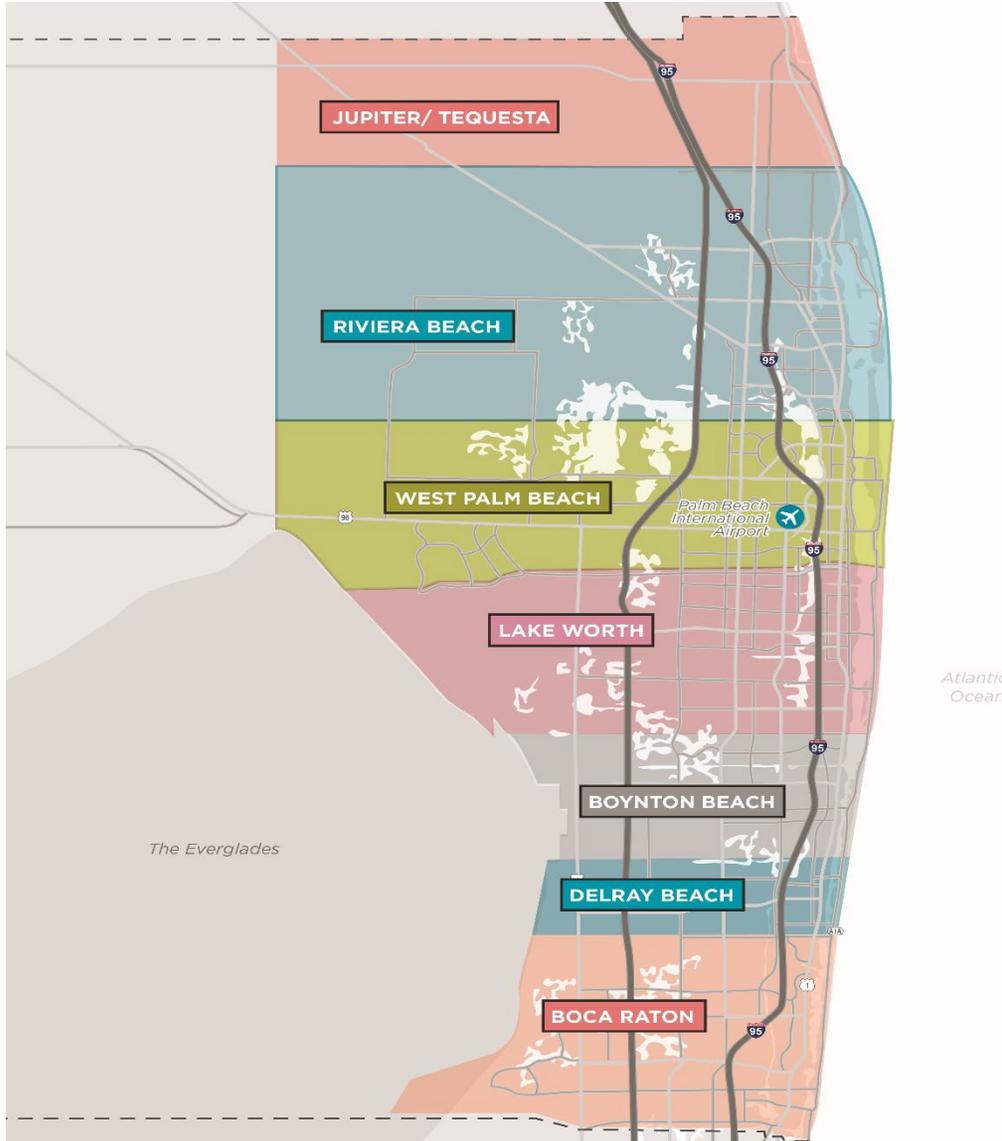
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6035 Southern Blvd	West Palm Beach	Crown Castle	25,920	New Lease/Expansion
6715 White Drive	Riviera Beach	Wright Brothers Contracting Services, Inc	20,535	New Lease
1869-1885 Old Okeechobee Rd	West Palm Beach	WORLD PAC, INC.	23,516	Renewal
1200 SW 35th Avenue	Boynton Beach	The Stone Factory Company LLC	19,400	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
15501 Park of Commerce Boulevard	Jupiter	TPA Group LLC Woodmont Properties	212,188	\$21.1M \$99
1100 25th Street	West Palm Beach	Alliance Partners HSP, LLC Twenty Lake Management, LLC	76,500	\$12.2M \$160

INDUSTRIAL SUBMARKETS



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