

Industrial Q2 2023

	YoY Chg	12-Mo. Forecast
3.9% Vacancy Rate	▲	■
128K YTD Net Absorption, SF	▲	▲
\$15.23 Asking Rent, PSF	▲	▲
Overall, Net Asking Rent		

ECONOMIC INDICATORS
Q2 2023

	YoY Chg	12-Mo. Forecast
684K Palm Beach Employment	▲	▲
2.7% Palm Beach Unemployment Rate	■	▲
3.6% U.S. Unemployment Rate	■	▲

Source: BLS, FL Dept. Economic OPP

ECONOMY

The unemployment rate for the county was 2.7% in May 2023, on par with rates from the same period one year ago and down 90 basis points (bps) from the national rate. Nonagricultural employment increased 2.3% year-over-year (YOY) with 15,500 jobs added. Industrial-using employment which included construction, manufacturing, trade, transportation & utilities had a combined increase of 2,300 jobs over the year. The manufacturing segment increased 3.3% YOY, financial activities 2.7%, and government 3.1% sectors grew faster in Palm Beach County than any other metro area in the state.

SUPPLY

Overall vacancy finished Q2 at 3.9%, up 90 bps from the previous quarter and 130 bps YOY. Warehouse/distribution (W/D) vacancy followed a similar trend, up 130 bps from the first quarter and 210 bps from Q22022's five-year low. The rise in vacancy is contributed to the four-building completion of the Silver Beach Industrial project, totaling 371,949 square feet (sf). The influx of new supply and the expected completions projecting 2.4 million square feet (msf) of new inventory over the next two years should help a market that recorded market-low vacancy since 2022.

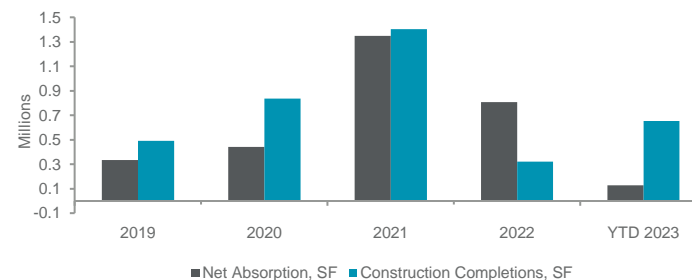
DEMAND

Palm Beach County's new deal activity ended the quarter at 514,934 sf year-to-date (YTD). New leasing activity was down 61.3% from one year ago and highlights a trend of slowing deal activity seen over the last 4 quarters. Largest leases for the quarter included a 236,000 renewal for Serta in Riviera Beach and the 91,000 sf new deal signed by GummyWorks, in the West Palm Beach submarket. Despite a slow in YTD leasing activity, absorption for the year was positive at 128,312 sf. The recent influx of new desirable space should see leasing activity rise in a market that has dealt with tight market conditions.

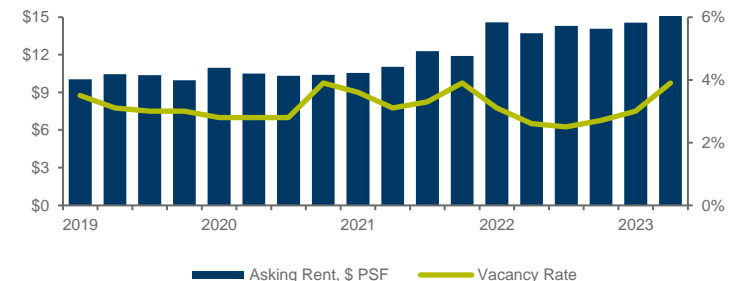
MARKET PRICING

The overall average asking rental rates continued to increase, ending Q2 at \$15.23 psf triple net (NNN), up 4.6% from the previous quarter and 11.0% YOY. This marks the fourth consecutive quarter with rates over \$14.00 psf and the first time over the \$15.00 psf mark. W/D rates finished the quarter at \$14.84 psf, up 6.4% from the first quarter and 16.2% from the same time last year. Record rental rates continued to be the norm for the fifth straight quarter across all product types. Despite economic uncertainty, rates are expected to rise as new inventory for high-end new industrial product is delivered.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT

PALM BEACH

Industrial Q2 2023



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (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	6,822,392	325,566	4.8%	14,231	8,016	140,000	119,117	\$16.50	\$16.85	\$15.75
Boynton Beach	3,254,576	45,932	1.4%	0	13,570	0	0	N/A	\$13.95	\$12.82
Delray Beach	1,823,390	43,080	2.4%	-5,320	-20,558	0	0	N/A	\$17.65	\$18.39
Jupiter	4,590,228	16,620	0.4%	-1,400	-12,450	0	0	N/A	\$20.76	\$24.00
Lake Worth	1,565,111	0	0.0%	0	1,000	75,000	0	N/A	N/A	N/A
Riviera Beach	8,322,569	409,565	4.9%	-7,965	-4,755	229,880	371,949	N/A	N/A	\$12.19
West Palm Beach	14,340,700	759,486	5.3%	146,800	143,489	402,565	163,000	\$9.03	\$13.41	\$13.03
PALM BEACH TOTALS	40,718,966	1,600,249	3.9%	146,346	128,312	847,445	654,066	\$12.51	\$16.75	\$14.84

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

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

MARKET STATISTICS BY ASSET TYPE

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	6,624,215	40,431	0.6%	0	-11,690	72,561	0	0	\$12.51
Office Service	4,965,976	156,837	3.2%	26,492	-5,557	89,909	0	0	\$16.75
Warehouse/Distribution	29,128,775	1,402,981	4.8%	119,854	145,559	352,464	847,445	654,066	\$14.84
PALM BEACH TOTALS	40,718,966	1,600,249	3.90%	146,346	128,312	514,934	847,445	654,066	\$15.23

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

KEY LEASE TRANSACTIONS Q2 2023

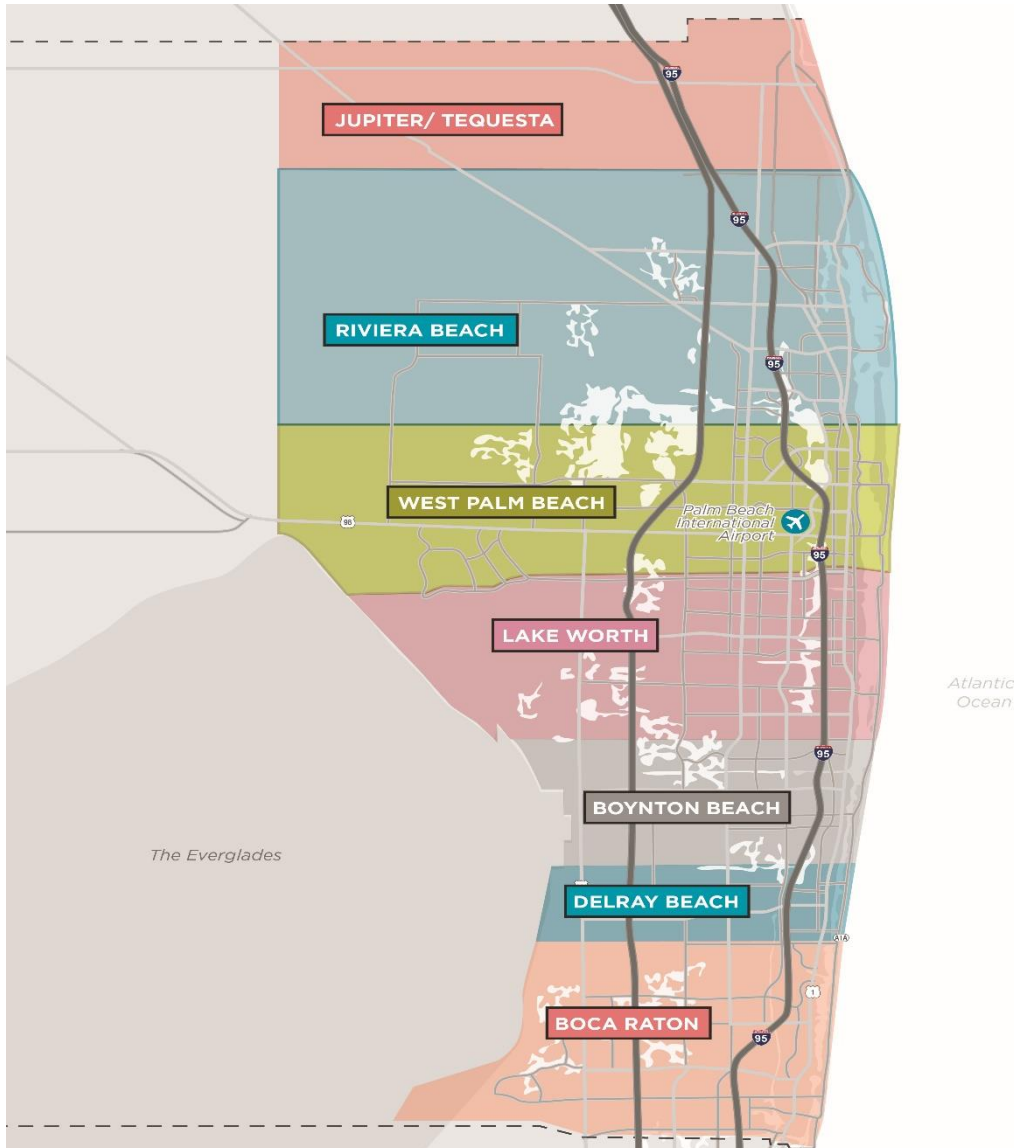
PROPERTY	SUBMARKET	TENANT	SF	TYPE
3774 Interstate Park Road	Riviera Beach	Serta	236,000	Renewal
386 Haverhill Road	West Palm Beach	GummyWorks	91,000	New Lease
6747 Belvedere Road	West Palm Beach	Dal-Tile	60,640	Renewal
374 Haverhill Road - Building 300	West Palm Beach	GT Motor Cars LLC	29,761	New Lease
1127 Poinsettia Dr	Delray Beach	American Builders & Contractors Supply Co	25,600	New Lease
4010 Thor Drive	Boynton Beach	Dealers Pro Choice	21,624	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	RSF	PRICE/\$ PSF
1830 Park Lane South	Jupiter	Regency Properties, Inc Park Lane South Holdings, LLC	20,000	\$5.4M \$270

INDUSTRIAL SUBMARKETS

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