

Industrial Q4 2023

YoY
Chg 12-Mo.
Forecast

4.3%

Vacancy Rate



165K

YTD Net Absorption, SF



\$14.71

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS
Q4 2023YoY
Chg 12-Mo.
Forecast

685K

Palm Beach
Employment

2.9%

Palm Beach
Unemployment Rate

3.7%

U.S.
Unemployment Rate

Source: BLS

ECONOMY

The unemployment rate in Palm Beach County was 2.9% at the end of the year, 30 basis points (bps) higher than one year ago but still 80 bps lower than the national rate. Nonagricultural employment increased 1.3% year-over-year (YOY) with 8,800 jobs added. Industrial-using employment, including construction, manufacturing, trade, transportation & utilities, increased by 2,100 YOY. The construction sector grew 2.2% or 900 jobs added, the second fastest annual job growth rate in Florida.

SUPPLY

Palm Beach County's overall vacancy rate was 4.3% at year-end, up 20 bps from Q3 and 190 bps YOY, the highest rate recorded since 2018. Warehouse/distribution (W/D) vacancy finished the quarter at 5.2%, up 240 bps YOY. Construction completions totaled 972,252 square feet (sf), the second highest total in the past 10 years, attributed to the spike in vacancy as 90.2% of the new product delivered in 2023 remained unleased at the end of the year. The Riviera Beach submarket had a 6.1% vacancy rate, the highest in the county, inflated by vacancies within the four-building Silver Beach Industrial Park which delivered in the second quarter. Palm Beach Airport Logistics, the 130,000-sf project in the West Palm Beach Submarket, was the sole Q4 project to be completed. A robust pipeline, with over 1.8 million square feet (msf) currently under construction, will continue to drive vacancy upward.

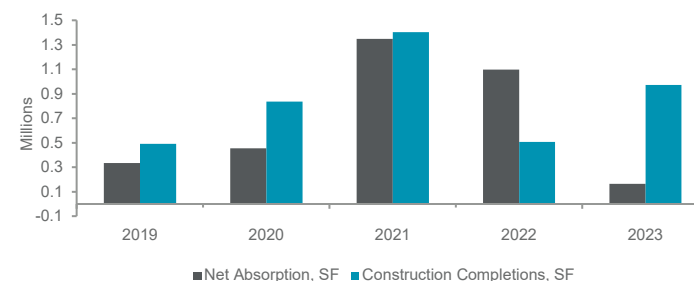
DEMAND

Palm Beach County's annual new leasing totaled 1.2 msf at the end of Q4, down 31.6% from 2022's historic activity. New deal activity aligned with the 10-year average as market activity began to normalize. The West Palm Beach submarket accounted for 46.8% of total deal activity, leading all submarkets for the third straight year. Overall absorption ended the year at 164,976 sf, the sixth straight year of positive net occupancies, but the lowest total during the period. The largest tenant move-ins for the quarter included Prometex occupying 31,363 sf at 701 Boutwell and GT Motor Cars for 29,761 sf at 374 Haverhill.

MARKET PRICING

Asking rental rates in Palm Beach County were \$14.71 per square foot (psf) in Q4, up 1.7% YOY. W/D rates rose 6.0% YOY, up to \$14.82 psf. The most notable increase occurred in the Riviera Beach submarket which recorded a 45.3% YOY jump in rents, up to \$16.10 psf, attributed to the influx of top tier newly constructed space. Despite an uptick in rates YOY, overall market rents slightly decreased from Q3, down 0.8%.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT PALM BEACH



Industrial Q4 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	6,962,392	292,652	4.2%	-9,252	23,056	0	119,117	N/A	\$17.47	\$15.72
Boynton Beach	3,254,576	55,432	1.7%	0	4,070	0	0	N/A	\$13.95	\$13.86
Delray Beach	1,823,390	18,939	1.0%	34,280	3,583	0	0	N/A	\$14.50	\$17.00
Jupiter	4,590,228	6,520	0.1%	7,000	-2,350	1,105,327	0	N/A	\$20.73	N/A
Lake Worth	1,565,111	0	0.0%	31,363	1,000	75,000	0	N/A	N/A	N/A
Riviera Beach	8,552,449	522,224	6.1%	13,953	112,466	0	556,829	N/A	N/A	\$16.10
West Palm Beach	14,474,006	868,657	6.0%	-3,413	23,151	626,278	296,306	\$8.50	\$15.32	\$14.10
PALM BEACH TOTALS	41,222,152	1,764,424	4.3%	73,931	164,976	1,806,605	972,252	\$8.50	\$16.82	\$14.82

*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	56,902	0.9%	0	-28,161	121,416	0	0	\$8.50
Office Service	4,965,976	154,464	3.1%	-424	-31,323	123,491	0	0	\$16.82
Warehouse/Distribution	29,631,961	1,553,058	5.2%	74,355	224,460	975,695	1,806,605	972,252	\$14.82
PALM BEACH TOTALS	41,222,152	1,764,424	4.3%	73,931	164,976	1,220,602	1,806,605	972,252	\$14.71

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

KEY LEASE TRANSACTIONS Q4 2023

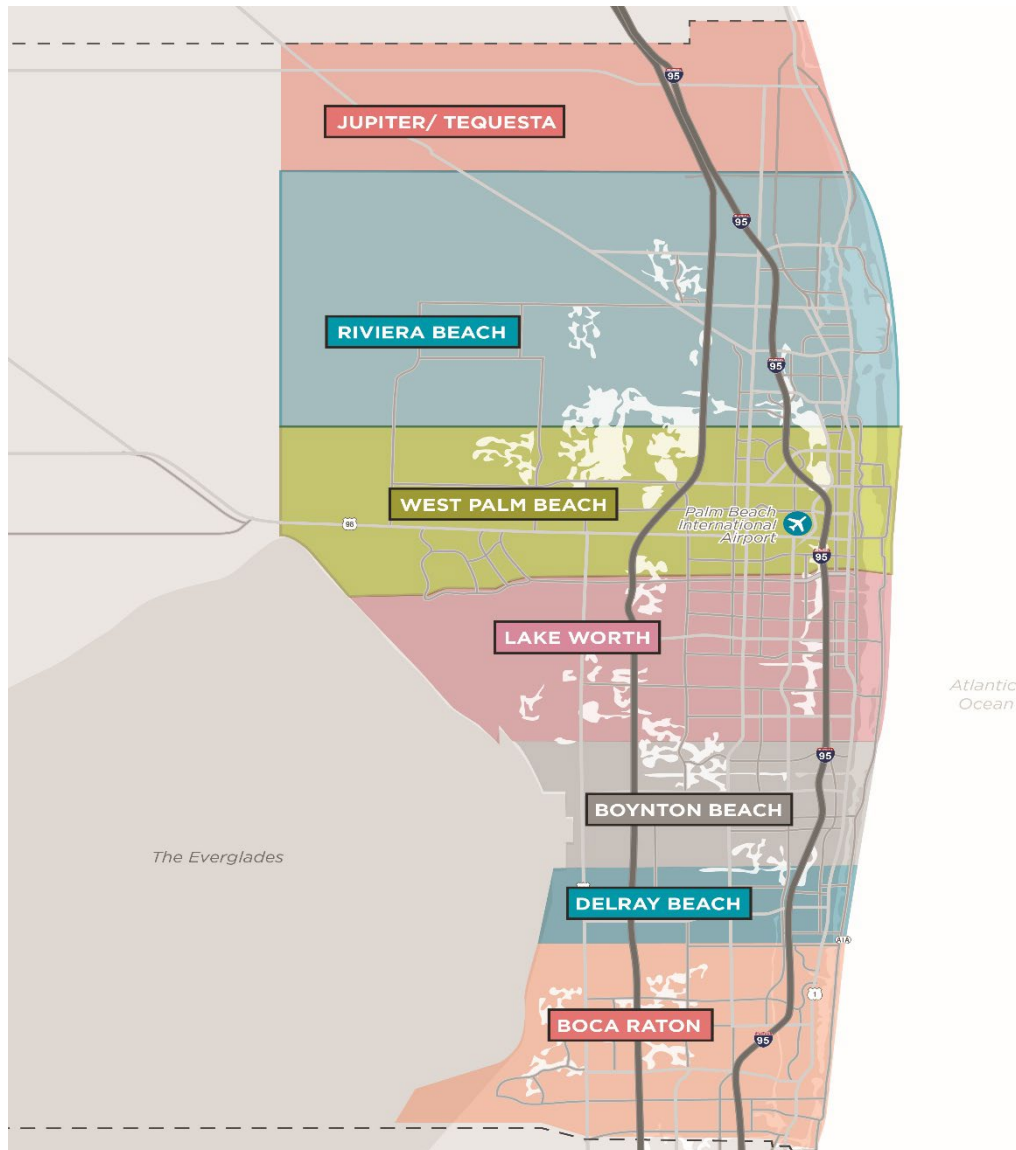
PROPERTY	SUBMARKET	TENANT	SF	TYPE
2860 Ranch House Rd	West Palm Beach	CHEP USA	133,006	New Lease
100 ALDI Way	West Palm Beach	Bush Brothers Provision Company	42,143	New Lease
1640 Silver Beach Rd	Riviera Beach	Bekins Moving Solutions	17,953	New Lease
1100 25th Street	West Palm Beach	U & ME TRANSFER INC.	13,500	Renewal
3850 Byron Drive	Riviera Beach	Florida Roofing & Sheet Metal LLC	11,000	New Lease
7960 Central Industrial Dr N	Riviera Beach	TWC Services, Inc.	10,000	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	RSF	PRICE/\$ PSF
Landmark West Palm Industrial Portfolio	West Palm Beach	Alliance Partners HSP, LLC Arden Logistics Parks	195,532	\$43.0 M \$220
1300 Allendale Rd	West Palm Beach	Brown Distributing Company, Inc. Boise Cascade	120,000	\$31.0M \$258

INDUSTRIAL SUBMARKETS

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