

Industrial Q2 2024

	YoY Chg	12-Mo. Forecast
4.7% Vacancy Rate	▲	▲
485K YTD Net Absorption, SF	▲	▲
\$14.95 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
701K Palm Beach Employment	▲	▲
3.4% Palm Beach Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY

The unemployment rate in Palm Beach County was 3.4%, 50 basis points (bps) higher than one year ago but 70 bps lower than the national rate. Nonfarm employment increased 1.7% year-over-year (YOY) with 12,000 jobs added. Industrial-using employment, including construction, manufacturing, trade, transportation, and utilities, increased by 5,600 jobs YOY.

SUPPLY

Palm Beach County's overall vacancy rate was 4.7% at the end of Q2, up 40 bps quarter-over-quarter (QOQ) and 60 bps YOY. Warehouse/distribution (W/D) vacancy rose 100 bps in the same 12-month period, finishing the quarter at 5.8%. Over 550,000 square feet (sf) of new industrial inventory was completed in Q2, including Prologis Airport Center 5, Southern Way Business Center 2, and 15810 Walgreens Dr, pushing the year-to-date (YTD) total to more than 760,000 sf. Nearly 1.3 million square feet (msf) of deliveries have occurred over the past 12 months. This influx of new supply with over 63.0% still available caused market vacancy rates to rise since reaching five-year lows in 2022. Despite a slowdown in construction starts, the development pipeline remained robust, with 1.4 msf still under construction all of which is still available for lease. This will push vacancy upward as projects are completed through 2025.

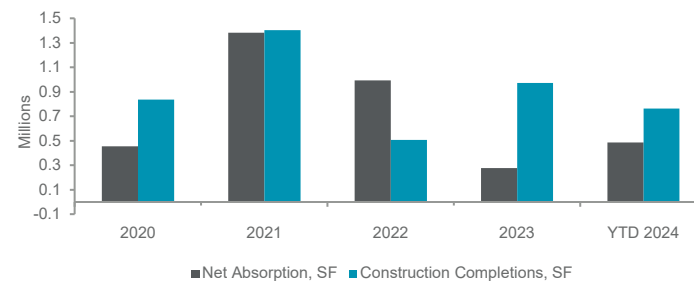
DEMAND

Palm Beach County's new leasing activity totaled nearly 630,000 sf at midyear, up 2.7% YOY. While deal activity continued to normalize from the strong demand in 2021 and 2022, YTD leasing activity was on par with the market's five-year average. Overall net absorption totaled more than 485,00 sf YTD at the quarter's close, with a handful of tenant move-ins driving occupancy gains. Chep USA, Berlin Packaging, Canik USA, Storm Smart, and Century International Arms, occupied a combined 391,000 sf during Q2, all in buildings completed in the past year. These move-ins contributed to more than 360,000 sf of absorbed space in Q2, marking the fifth consecutive quarter and the third highest single quarter of positive net absorption in the past five years.

MARKET PRICING

The average asking rental rate in Palm Beach County rose to \$14.95 per square foot (psf) in Q2, up 4.2% YOY and 0.8% above the previous market high in Q3 2022. The W/D segment's overall rental rate decreased by 2.4% QOQ but had a modest increase of 0.2% from one year ago. The West Palm Beach submarket had the largest YOY increase, up 27.7% to \$14.40 psf at quarter end.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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	7,192,758	198,401	2.8%	-15,252	7,764	0	0	N/A	\$18.32	\$15.24
Boynton Beach	3,119,863	26,967	0.9%	-4,295	6,815	0	0	N/A	\$21.75	\$16.58
Delray Beach	1,541,987	16,201	1.1%	4,313	2,738	0	0	N/A	\$13.50	\$17.00
Jupiter	4,806,228	328,240	6.8%	-19,230	-6,598	859,327	246,000	N/A	\$12.95	N/A
Lake Worth	2,097,951	14,862	0.7%	46,811	104,599	0	75,000	N/A	\$16.00	\$19.81
Riviera Beach	8,582,449	440,050	5.1%	-9,340	37,324	0	0	N/A	N/A	\$15.57
West Palm Beach	14,644,170	963,840	6.6%	357,154	332,788	549,315	442,254	\$9.85	\$21.96	\$14.78
PALM BEACH TOTALS	41,985,406	1,988,561	4.7%	360,161	485,430	1,408,642	763,254	\$9.85	\$15.98	\$15.04

An exercise was executed at the beginning of 2024 to realign inventory and submarkets. Historical data has been revised to reflect updates.

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

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

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	37,702	0.6%	19,200	19,200	37,886	0	0	\$9.85
Office Service	4,965,976	173,260	3.5%	3,175	35,968	86,425	0	0	\$15.98
Warehouse/Distribution	30,395,215	1,777,599	5.9%	337,786	430,262	503,487	1,408,642	763,254	\$15.04
PALM BEACH TOTALS	41,985,406	1,988,561	4.7%	360,161	485,430	627,798	1,408,642	763,254	\$14.95

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

KEY LEASE TRANSACTIONS Q2 2024

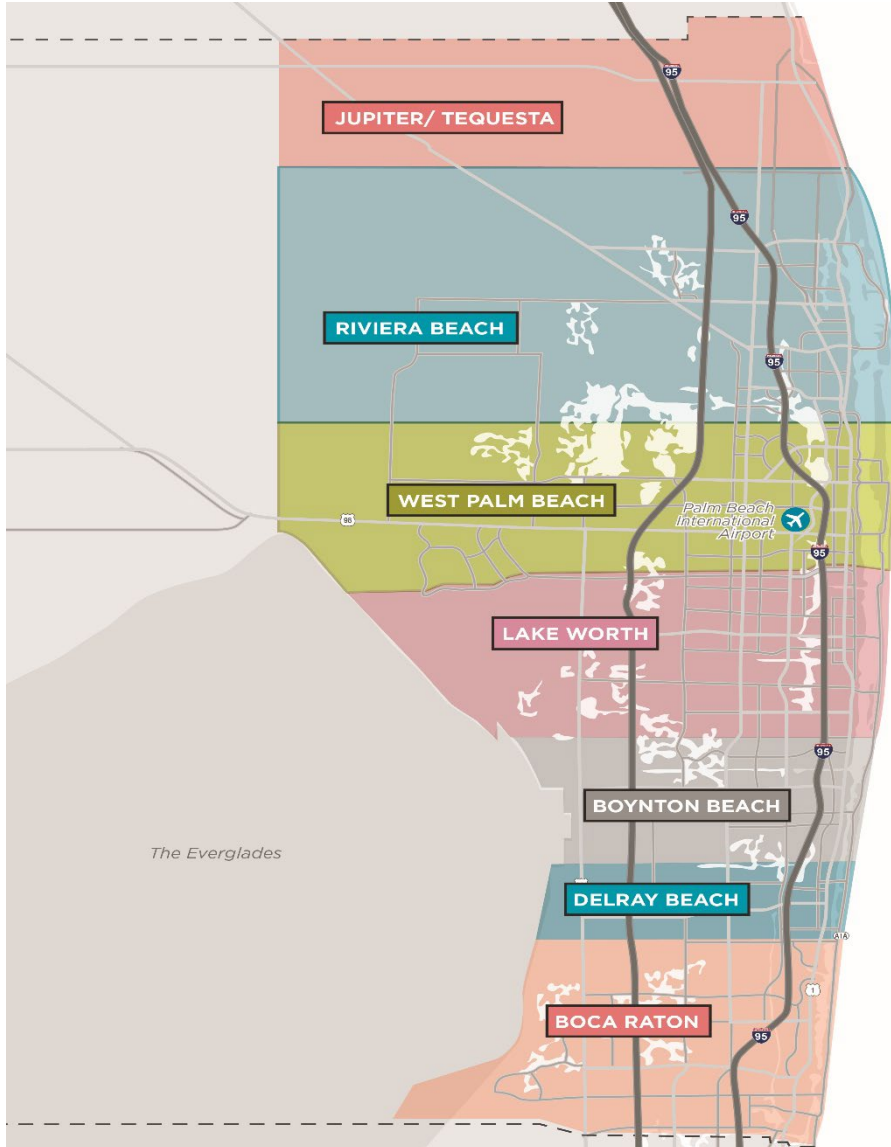
PROPERTY	SUBMARKET	TENANT	SF	TYPE
5655-5657 45th St - Bldg #1	West Palm Beach	ACK	30,679	Renewal
1100 Old Dixie Highway	Riviera Beach	Company Roofing	26,093	New Lease
1500 N Florida Mango Rd	West Palm Beach	TPH Holdings, LLC	26,002	Renewal
1600 Silver Beach Rd	Riviera Beach	Panor	23,384	New Lease
1315 N Jog Rd	West Palm Beach	U.S. LBM Holdings	23,066	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	RSF	PRICE/\$ PSF
14490 Corporate Rd S	Jupiter	Truist Securities, Inc. Hillwood Investment Properties	1,000,000	\$106.5M \$107
1200 SW 35th Avenue	Boynton Beach	Eliion Partners Venture One Real Estate	90,643	\$15.4M \$170
1800 President Barack Obama Hwy	Riviera Beach	Solar Tech Realty of Riviera Beach, LLC IPX 1031	75,000	\$12.4M \$165

INDUSTRIAL SUBMARKETS



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