

	YoY Chg	12-Mo. Forecast
3.5% Vacancy Rate	▲	▲
288k YTD Net Absorption, SF	▼	▲
\$9.97 Asking Rent, PSF	▬	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2019

	YoY Chg	12-Mo. Forecast
650k Palm Beach Employment	▲	▲
2.8% Palm Beach Unemployment Rate	▲	▬
3.6% U.S. Unemployment Rate	▼	▲

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

ECONOMY: Palm Beach's Strong Workforce Remained Stable

The economy in Palm Beach County thrived with 5,600 new jobs added in the last 12 months and the unemployment rate falling 50 basis points (bps) year-over-year (YOY) to 2.7%. Industrial space users expanded throughout the year. Construction jobs in Palm Beach County increased by 1,600 new positions in the previous year and the manufacturing sector also rose by 300 new positions.

SUPPLY: Palm Beach Vacancy Remained Stable

Palm Beach County's overall vacancy rate remained stable in 2019 at 3.5%, a slight increase of 20 bps YOY. The Jupiter submarket experienced the biggest rise in vacancy to 9.6%, a 360-bps increase YOY. The jump in vacant space was caused by 220,000 square feet (sf) being delivered with no preleasing. The submarket with the lowest overall vacancy in the County was Delray Beach with 19,000 sf available, a rate less than 1.0%.

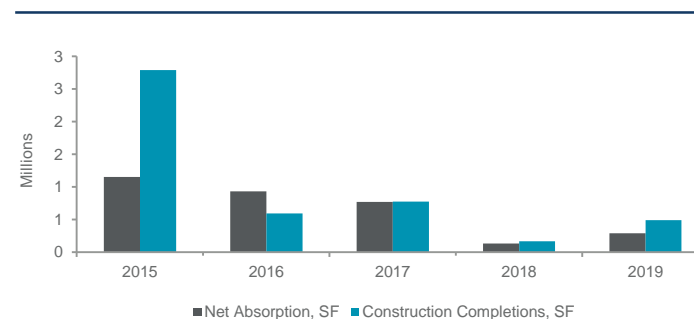
Over 590,000 sf was under construction at the end of 2019, a 26.4% increase YOY, with deliveries set for mid to late 2020. Owners and developers remained optimistic about the market due to the strong tenant demand seen in the past 3 years. Given the County's tight industrial market, tenants deciding to place or expand their footprint in Palm Beach may look to the second half of 2020 after construction deliveries.

Palm Beach County added more than 490,000 sf of industrial space over the year. Approximately 20% of the space delivered was pre-leased. Nearly 45% of the space that delivered was in the fourth quarter in one 220,000-sf warehouse completed at Palm Beach Park of Commerce in Jupiter. The West Palm Beach submarket had approximately 175,000-sf of industrial space completed year-to-date (YTD). The two buildings were in Turnpike Crossing and Liberty Airport Center.

PRICING: Rents Softened At Year End

Overall rental rates softened as 2019 closed with the rate at \$9.97 per square foot (psf) triple net. The Jupiter Beach submarket experienced the sharpest drop in asking rents, falling 322 bps YOY to \$7.94 psf. The Lake Worth submarket, supplemented by its low vacancy, experienced a 179 bps YOY increase with overall asking rates at \$8.76 psf for the fourth quarter. The West Palm Beach submarket had a solid gain in rents as well, rising to \$10.31 psf triple net, a 117 bps YOY increase.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



DEMAND: Leasing Activity Reached An All-Time High

Leasing activity in Palm Beach County reached over 1.7 million square feet (msf) in 2019, an increase of 33% YOY and an all-time annual high. The Boca Raton and West Palm Beach submarkets accounted for the bulk of activity with nearly 1.1 msf leased last year. SWI Solutions had the largest lease transaction, with over 161,000 sf leased at the under construction Building 4 in the Turnpike Crossing Industrial Park. Amazon also leased over 96,000 sf in the same park for a last mile delivery facility. eCommerce and construction-related firms remained the main drivers for growth in the industrial market.

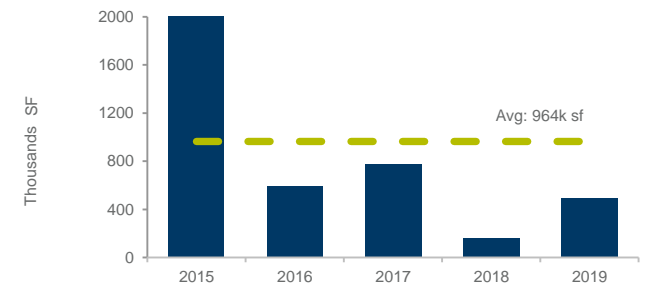
Overall net absorption for the county trended upward with over 288,000 sf absorbed in 2019, a 121.2% increase YOY. At year-end, the warehouse/distribution sector accounted for over 100,000 sf of positive absorption. Some of the larger tenant move-ins included Amazon, Wal-Mart, and Cheney Brothers. The office service/flex sector experienced positive absorption of over 196,000 sf with the bulk coming from a tenant taking space in Boca Raton.

Investor sale activity for industrial product in Palm Beach County reached a 10-year high in 2019 with over 1.8 msf sold. Warehouse/Distribution product accounted for most sales with approximately 1.5 msf sold, or 81% of all sales. The West Palm Beach submarket had the most activity with over 1.0 msf sold in 2019.

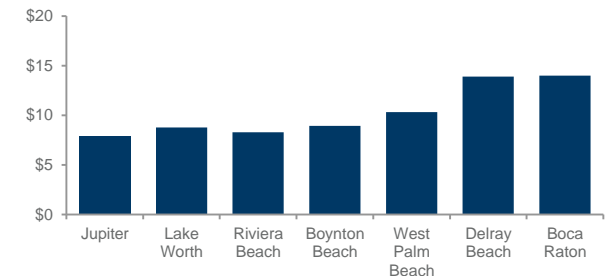
Outlook: Palm Beach County's Industrial Market Poised For Steady Growth

- The high occupancy rate Palm Beach County makes space under construction highly attractive to tenants needing space.
- Landlords may gain confidence in increasing rents as demand increases and vacancies continue to remain low.
- Industrial sales should stay strong as construction completions sustain and new projects are planned.

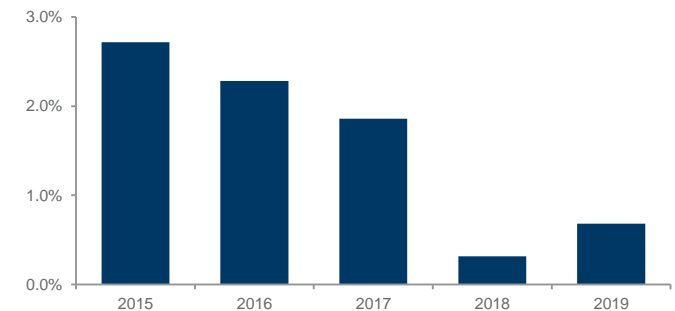
NEW SUPPLY



RENT BY SUBMARKET



INDUSTRIAL NET ABSORPTION AS % OF INVENTORY



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 CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Boca Raton	6,850,771	283,921	4.1%	154,153	177,589	0	0	\$11.95	\$14.47	\$13.52
Jupiter	3,055,975	292,682	9.6%	-287	-7,360	0	220,000	N/A	\$9.95	\$7.31
Delray Beach	2,040,838	19,098	0.9%	19,000	-8,138	0	0	N/A	\$15.79	\$12.07
Boynton Beach	3,490,354	204,721	5.9%	1,980	14,525	0	56,160	N/A	\$14.48	\$8.53
Lake Worth	1,967,562	45,625	2.3%	0	35,915	0	0	N/A	N/A	\$8.76
Riviera Beach	9,035,969	189,075	2.1%	8,300	2,644	0	41,400	\$7.40	\$9.25	\$8.65
West Palm Beach	15,697,623	446,302	2.8%	62,346	73,013	591,027	174,629	N/A	\$12.60	\$10.01
PALM BEACH TOTALS	42,139,092	1,481,424	3.50%	245,492	288,188	591,027	492,189	\$8.02	\$12.98	\$9.29

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

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

KEY LEASE TRANSACTIONS YTD 2019

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
6717 Belvedere Road	West Palm Beach	SWI Solutions	161,725	New Lease
700 Banyan Trail	Boca Raton	Undisclosed	160,750	New Lease
6711 Belvedere Road	West Palm Beach	Amazon	95,759	New Lease
1800 Avenue P	Riviera Beach	Caraustar Industries	76,578	New Lease
1900 Corporate Drive	Boynton Beach	Quantachrome	52,505	Renewal

*Renewals not included in leasing statistics

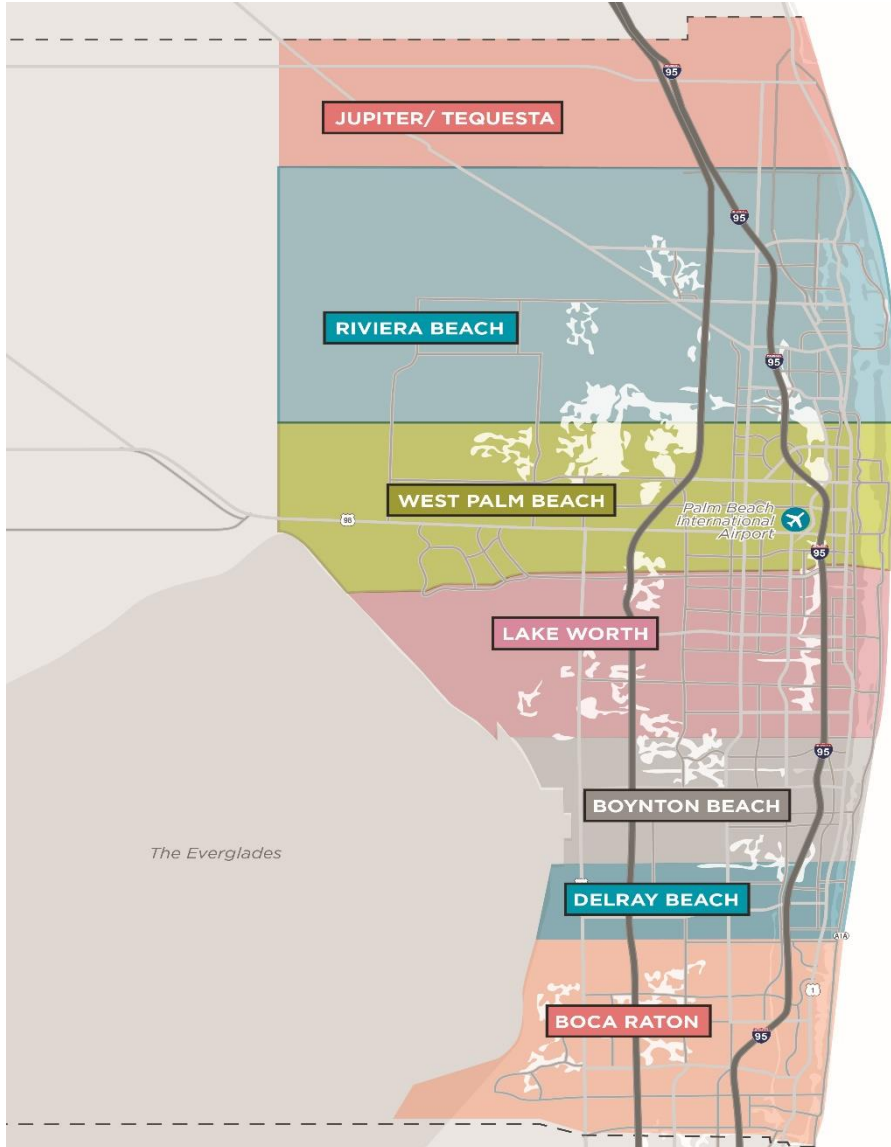
KEY SALES TRANSACTIONS YTD 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
515 N Flagler Drive	West Palm Beach	Crocker Partners / Vanderbilt/C-III Capital	293,415	\$98.0M/\$334
801 PGA Boulevard	North Palm Beach	KBS Realty / New York Life	188,378	\$71.8M/\$381
925 S Federal Highway	Boca Raton	IP Capital Partners / GEM Realty Capital	167,440	\$27.2M/\$163
1601 Forum Place	West Palm Beach	Suffolk Advisors / C-III Investment Mgmt.	143,966	\$32.5M/\$226
1700 Palm Beach Lakes Boulevard	West Palm Beach	Capstone Realty Group / Breakers Capital	113,953	\$19.4M/\$170

KEY CONSTRUCTION COMPLETIONS YTD 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
15335 Park of Commerce Boulevard	Jupiter	N/A	220,000	Morgan Stanley / Morgan Stanley
6711 Belvedere Road	West Palm Beach	Amazon	96,759	Duke / Duke

INDUSTRIAL SUBMARKETS



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