

Industrial Q1 2023

3.4%
Vacancy Rate



-23K
YTD Net Absorption, SF



\$14.76
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2023

677K
Palm Beach Employment



2.6%
Palm Beach Unemployment Rate



3.5%
U.S. Unemployment Rate



Source: BLS, FL Dept. Economic OPP

ECONOMY

The unemployment rate in Palm Beach County was 2.6% in February 2023, down 60 basis points (bps) from a year ago and unchanged from the fourth quarter, remaining well below the national unemployment average. Nonagricultural employment increased 2.4% year-over-year (YOY) with 16,000 jobs added. Industrial-using employment which included the construction, manufacturing, and trade, transportation and utilities sectors had a combined increase of 1,700 jobs over the year. Notably, the construction sector experienced annual job growth that ranked top three in the state.

SUPPLY

Palm Beach County overall vacancy finished the first quarter at 3.4% on par with previous quarter rates but up 30 basis points (bps) YOY. The rate for warehouse/distribution (W/D) space was down 10 bps from the previous quarter but registered a YOY increase of 40 bps from Q1 2022's post-pandemic low, ending Q1 at 3.9%. Palm Beach County had approximately 1.4 million square feet (msf) under construction with 81.8% residing in the West Palm Beach and Riviera Beach submarkets. The West Palm Beach and Jupiter submarkets have 3.4 msf of proposed development slated for completion by 2025, continuing to attract projects as developers are forced to look north.

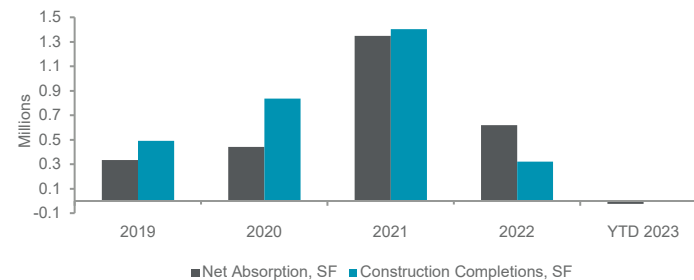
DEMAND

New leasing activity in the county was down almost 71% from the same period last year, finishing the quarter at 134,975 sf. This continued a trend of slowing activity which started in the second half of 2022. Supply and demand in Palm Beach County were almost at equilibrium, but slightly negative at -23,013 sf for the quarter. This marks the second consecutive quarter of negative absorption, the first time that has happened since 2018. While metrics slowed in the first quarter, expected construction completions and continued demand throughout South Florida should yield improved leasing and occupancy numbers as 2023 progresses.

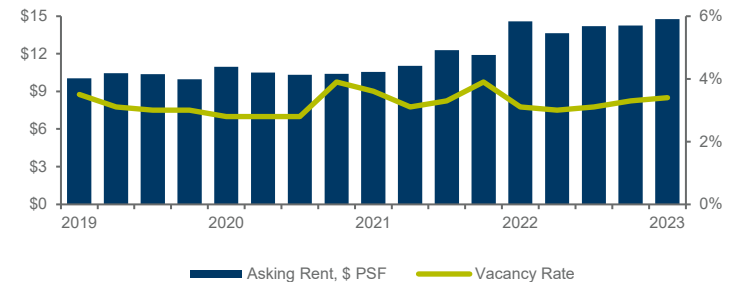
MARKET PRICING

Palm Beach County's asking rental rates continued to rise, ending the quarter at \$14.76 per square foot (psf) triple net (NNN), up 3.5% from the previous quarter and 1.3% from the same time last year. W/D rates trended similarly, up 1.0% from the previous quarter, finishing the quarter at \$13.82 psf and marking the third consecutive quarter with rates surpassing \$13.00 psf. Amid uncertain market conditions, high-quality future development coupled with runoff demand from the other South Florida Markets should see asking rates continue to grow or hold level at historic highs.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q1 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	6,703,275	245,688	3.7%	-24,303	-24,303	259,117	0	\$16.50	\$16.55	\$16.55
Boynton Beach	3,254,576	48,525	1.5%	12,868	12,868	0	0	N/A	\$14.80	\$11.82
Delray Beach	1,823,390	12,025	0.7%	10,362	10,362	0	0	N/A	\$17.65	\$17.00
Jupiter	4,590,228	18,620	0.4%	-14,450	-14,450	0	0	N/A	\$20.76	\$20.76
Lake Worth	1,565,111	1,400	0.1%	0	0	0	0	N/A	N/A	N/A
Riviera Beach	7,950,620	29,511	0.4%	3,350	3,350	601,829	0	N/A	N/A	\$12.51
West Palm Beach	14,177,700	985,524	7.0%	-10,840	-10,840	565,565	0	\$9.03	\$15.90	\$11.92
PALM BEACH TOTALS	40,064,900	1,341,293	3.4%	-23,013	-23,013	1,426,511	0	\$12.51	\$16.82	\$13.82

*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	41,831	0.6%	-12,690	-12,690	19,961	0	0	\$12.51
Office Service	4,965,976	197,334	4.0%	-40,085	-40,085	47,791	0	0	\$16.82
Warehouse/Distribution	28,474,709	1,102,128	3.9%	29,762	29,762	67,223	1,426,511	0	\$13.82
PALM BEACH TOTALS	40,064,900	1,341,293	3.4%	-23,013	-23,013	134,975	1,426,511	0	\$14.76

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

KEY LEASE TRANSACTIONS Q1 2023

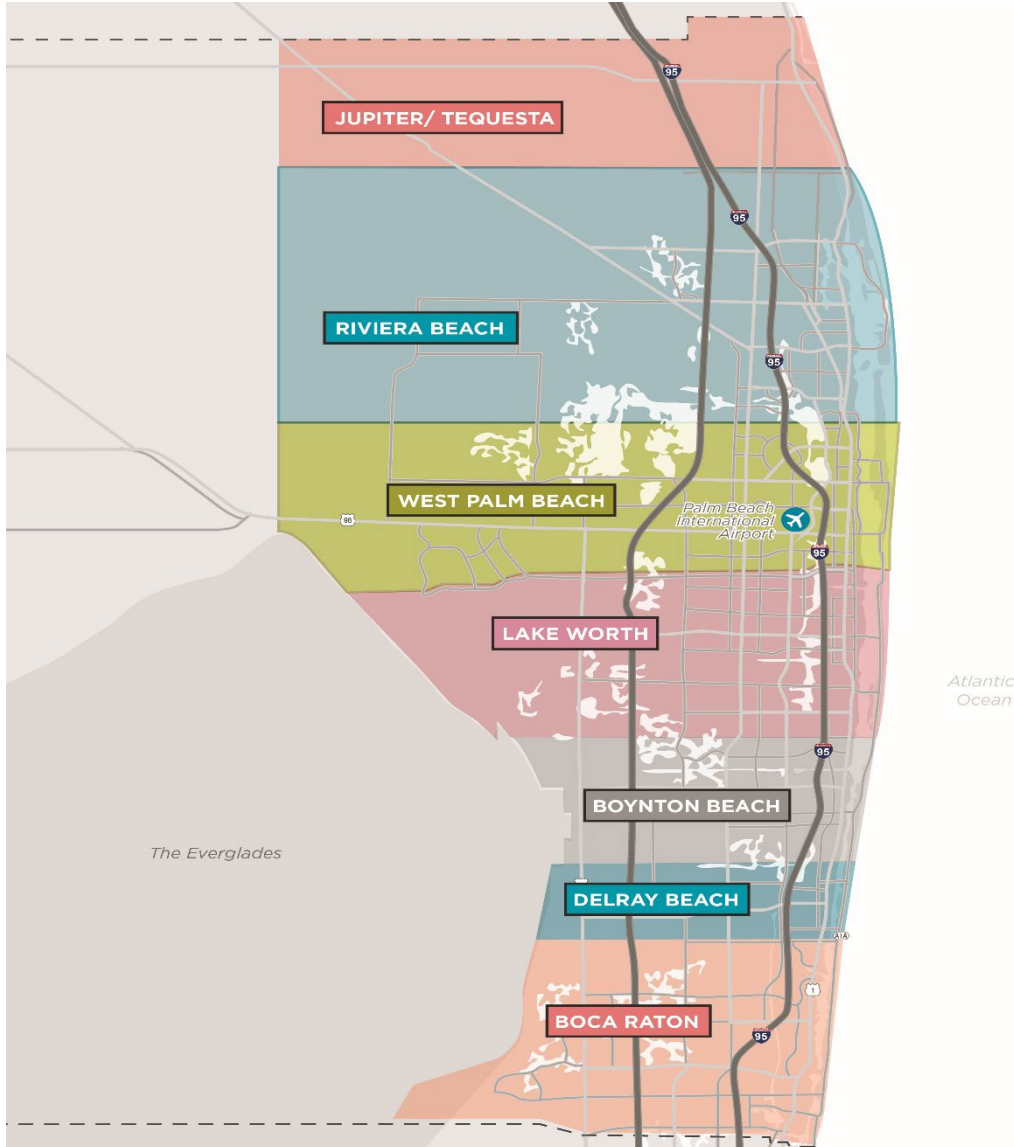
PROPERTY	SUBMARKET	TENANT	SF	TYPE
7620-7634 NW 6th Avenue	Boca Raton	Undisclosed	16,690	New Lease
3500 45th Street	West Palm Beach	Solitude Lake Management	16,500	New Lease
2365 Vista Parkway	West Palm Beach	WNM Management	9,365	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	RSF	PRICE/\$ PSF
645 Park of Commerce Way	Boca Raton	McCraney Property Co Ares Management	119,200	\$27.9M \$234
440 Tall Pines Rd	West Palm Beach	Frank Stellino Jr Apollo Dev & Land Corp	28,584	\$10M \$234
2800 2 nd Ave North	Lake Worth	Tidal Wave Realty Corp Redfeam Capital	28,464	\$4.5M \$158

INDUSTRIAL SUBMARKETS



Connor Salzman

Research Analyst

Tel: +1 954 892 7000

Connor.Salzman@cushwake.com

Eric Messer

Senior Research Manager

Tel: +1 954 377 0514

Eric.Messer@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and 60 countries. In 2022, the firm had revenue of \$10.1 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services. To learn more, visit www.cushmanwakefield.com or follow [@CushWake](https://twitter.com/CushWake) on Twitter.

©2023 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.