

	YoY Chg	12-Mo. Forecast
4.4% Vacancy Rate	▲	▬
115K YTD Net Absorption, SF	▼	▬
\$10.43 Asking Rent, PSF	▼	▬

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
613K Palm Beach Employment	▼	▲
4.5% Palm Beach Unemployment Rate	▲	▼
6.0% U.S. Unemployment Rate	▲	▼

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

ECONOMY

Palm Beach County had an unemployment rate of 4.5% in February 2021, down 30 basis points (bps) from the previous month and 120 bps higher than one year ago. Nonagricultural employment was 613,400, a decrease of 40,800 jobs, or 6.2%, over the year. Every major industrial related sector forfeited jobs over except for Transportation, Warehousing & Utilities which gained 300 jobs year-over-year (YOY). Employment in Leisure & Hospitality led with the most losses at 14,500 jobs gone. Industrial-using employment in Palm Beach County improved over the year on increased demand from e-commerce companies as well as users of space in the construction industry.

SUPPLY

Overall vacancy was 4.4% at the end of the first quarter, up 100 bps over the year. Warehouse/distribution assets were the driver for the increase with a 140-bps jump year-over-year (YOY) to 5.3%. Palm Beach county had over 867,000 square feet (sf) of new deliveries in the past twelve months but no new deliveries in the first quarter. The West Palm Beach submarket recorded most of the deliveries with 747,000 sf, or 86.2% of the total, all of which were speculative. Palm Beach county had approximately 1.3 million square feet (msf) under construction at the end of March which includes a 1.0 (msf) built-to-suit project in the Jupiter submarket. The built to suit project was expected to deliver by yearend 2021 in the Palm Beach Park of Commerce for an e-commerce occupier.

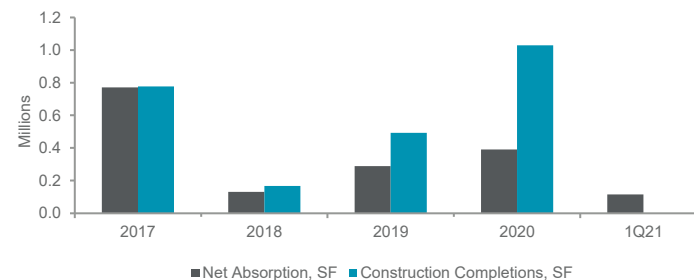
DEMAND

New leasing activity reached 228,000 sf in the first three months, 37.9% lower than the five-year first quarter average of 367,000 sf. The West Palm Beach submarket had the most activity with 122,000 sf signed in the first quarter. There were two lease transactions above 30,000 sf in West Palm Beach. Safebound Logistics signed at 171-1773 Old Okeechobee Road for nearly 32,000 sf and One23 Fulfillment signed nearly 32,000 at 401 Clear Road. The county recorded positive absorption with approximately 115,000 sf of move-ins by the end of the first quarter.

MARKET PRICING

Overall market rental rates decreased by 2.8% YOY to \$10.43 per square foot (psf) triple net. Warehouse/distribution rates fell to \$9.30 psf, a 6.2% decrease YOY while office service/flex rents jumped by 5.7% YOY to \$14.39 psf. While new warehouse/distribution assets delivered over the twelve-month period, the existing spaces with higher asking rents were leased which dropped the overall asking rates. Office service/flex rental rates rose as landlords asked for more due to less available space in the asset class.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q1 2021

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (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	6,674,940	229,754	3.4%	37,950	56,569	0	0	\$12.14	\$14.85	\$14.68
Jupiter	3,399,855	91,114	2.7%	-400	8,400	1,000,000	0	N/A	N/A	\$8.82
Delray Beach	1,794,390	18,915	1.1%	5,465	2,900	0	0	N/A	\$13.50	\$18.00
Boynton Beach	3,039,036	166,274	5.5%	-20,292	21,277	0	0	N/A	\$11.85	\$9.19
Lake Worth	1,565,111	0	0.0%	22,696	11,400	0	0	N/A	N/A	N/A
Riviera Beach	7,941,204	216,672	2.7%	12,000	6,000	0	0	\$8.63	\$13.50	\$8.58
West Palm Beach	13,783,377	969,999	7.0%	57,442	121,786	287,740	0	\$9.25	\$13.75	\$8.91
PALM BEACH TOTALS	38,197,913	1,692,728	4.4%	114,861	228,332	1,287,740	0	\$10.15	\$14.39	\$9.30

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

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

KEY LEASE TRANSACTIONS Q1 2021

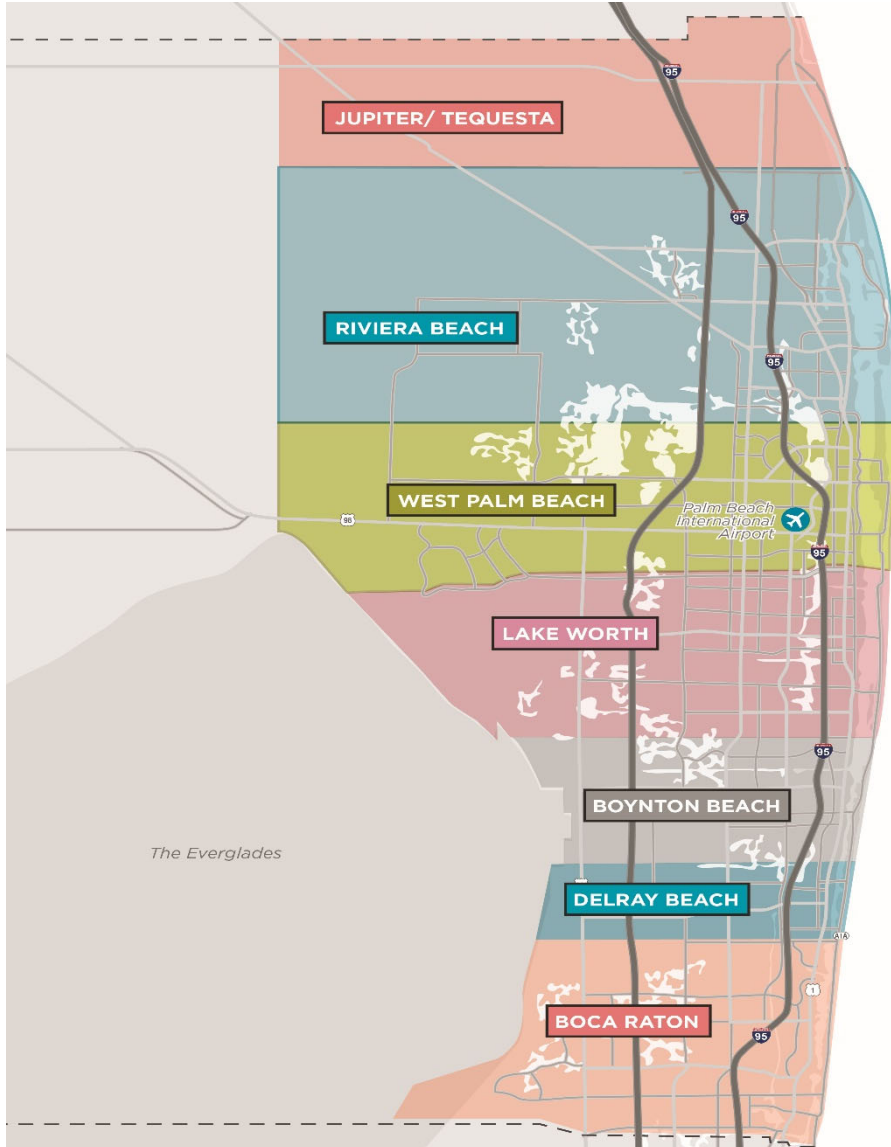
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1701-1743 Old Okeechobee Road	West Palm Beach	Safebound Logistics	31,810	New Lease
401 N Cleary Rd	West Palm Beach	ONE23 Fulfillment	31,707	New Lease
1220 SW 35th Ave	Boynton Beach	Drapery Castle	30,000	Renewal*
6557 Garden Road	West Palm Beach	Saf-Glas	16,750	Renewal*
6251 Park of Commerce Boulevard	Boca Raton	Datamax System Solutions	16,176	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
3220 45th St	West Palm Beach	D & B Tile Distributors/ Bijay Shrestha	29,555	\$4.3M/\$147

INDUSTRIAL SUBMARKETS



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