MARKETBEAT

PALM BEACH

INDUSTRIAL Q1 2025

MARKET FUNDAMENTALS

	YOY Chg	Outlook
6.6% Vacancy Rate	▲	▼
-8K YTD Net Absorption, SF	▲	▼
$13.30 Asking Rent, PSF *(Overall, Net Asking Rent)*	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
704K Palm Beach County Employment	▲	▲
3.5% Palm Beach County Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▲

Source:BLS

SUPPLY

Palm Beach County's overall vacancy rate ended Q1 at 6.6%, marking a 170-basis-point (bp) increase year-over-year (YOY). Warehouse/distribution (W/D) product recorded the most significant increase, climbing 210 bps to 8.0%, while Office Services (O/S) space also reported a 120-bp uptick to 5.3%. Despite the market-wide totals, only two of Palm Beach County's seven submarkets recorded vacancy increases over the past year. With 1.1 million square feet (msf) of construction completions over the past 12 months still unoccupied, the Jupiter submarket's vacancy rate climbed from 4.9% to 22.8% by the close of Q1 2025. Meanwhile, the uptick in Boca Raton was driven by O/S product, which rose 440 bps YOY to 9.3%. A total of 776,692 square feet (sf) was under construction at the end of Q1, unchanged from the previous quarter. This marked just the second quarter without a construction start in three years and the first without a project delivery in 10 quarters. While 82.5% of the 1.9 msf of new supply from last year remained vacant, the expected lease-up and occupancy, coupled with a muted pipeline and the lack of construction starts point to vacancy rates trending downward in 2025.

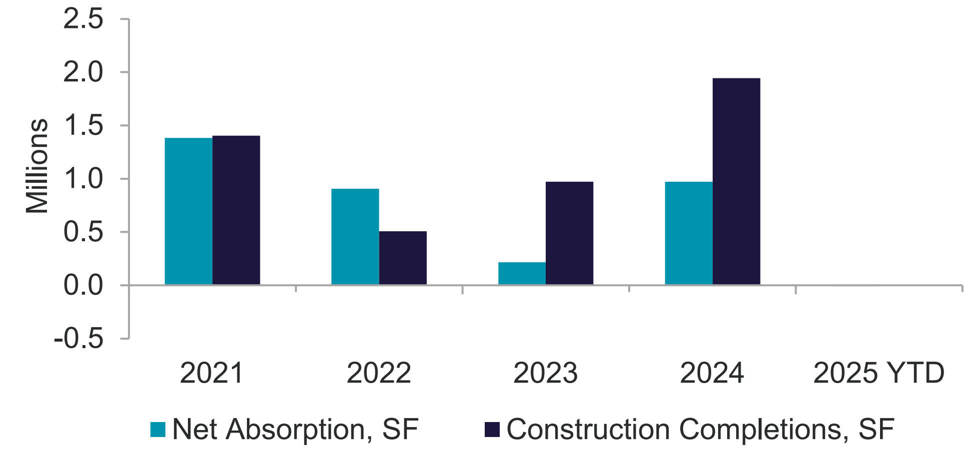
DEMAND

First quarter new leasing activity totaled 208,877 sf, up 29.4% quarter-over-quarter (QOQ). Despite the trend, Q1 marked a 63.0% YOY decrease and the second-lowest deal volume in the past five years. Overall absorption finished the quarter at -7,989 sf, with net new supply barely outweighing demand. Q1 2025 marked the first quarter with net occupancy losses in two years. Within W/D space, there was 69,479 sf of positive absorption, offset by O/S totaling -77,468 sf. Notable tenant move-ins included Duetz for 43,880 sf, Ideal Nutrition for 43,200 sf, and Bush Brothers for 42,143 sf, all in the West Palm Beach submarket. In contrast, Boca Raton recorded -79,879 sf of negative absorption, with Reliable Health and Acu Serve as notable vacancies.

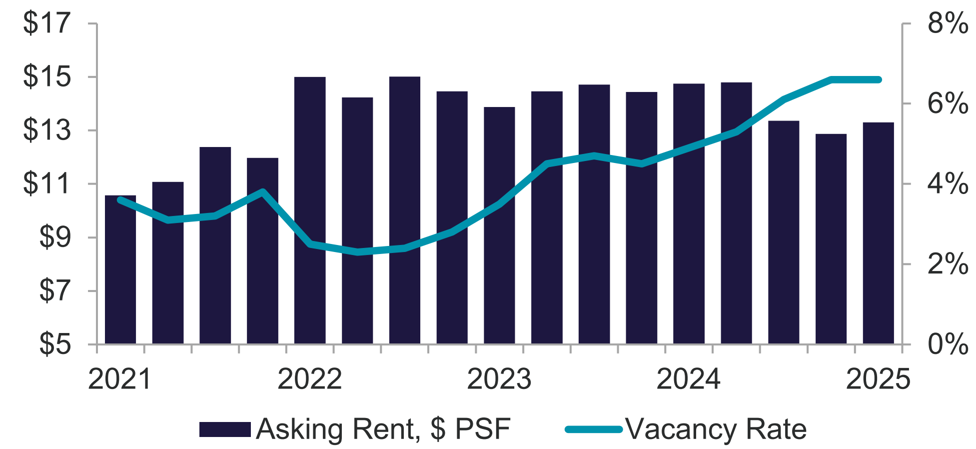
PRICING

Palm Beach County's overall average asking rental rate was $13.30 per square foot (psf), down 9.8% YOY. Jupiter recorded the only annual submarket decrease, dropping 17.1%, with the new supply of 300,000+ sf single-tenant spaces contracting rates. When the big-box vacancies with lower asking rents get leased, rates are expected to jump over $14.00 psf once again.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)*	UNDER CNSTR (SF)	CNSTR COMPL (SF)	OVERALL WEIGHTED AVG NET RENT (MF)**	OVERALL WEIGHTED AVG NET RENT (OS)**	OVERALL WEIGHTED AVG NET RENT (W/D)**	OVERALL WEIGHTED AVG NET RENT**
Boca Raton	7,192,758	330,941	4.6%	-79,879	-79,879	51,985	0	0	N/A	$17.22	$16.49	$17.02
Boynton Beach	3,119,863	41,977	1.4%	5,090	5,090	5,090	457,110	0	N/A	$16.95	$14.65	$14.96
Delray Beach	1,541,987	16,191	1.1%	-4,559	-4,559	16,791	269,560	0	N/A	$14.50	$15.97	$15.42
Jupiter	5,665,555	1,294,476	22.9%	-400	-400	0	0	0	N/A	$12.97	$10.66	$10.79
Lake Worth	2,097,951	9,653	0.5%	-3,080	-3,080	1,506	0	0	N/A	N/A	$23.20	$23.20
Riviera Beach	8,582,449	340,797	4.0%	25,000	25,000	26,290	50,022	0	$11.00	N/A	$15.53	$15.03
West Palm Beach	14,966,485	816,742	5.5%	49,839	49,839	107,215	0	0	$9.84	$18.17	$15.96	$15.38
PALM BEACH TOTAL	**43,167,048**	**2,850,777**	**6.6%**	**-7,989**	**-7,989**	**208,877**	**776,692**	**0**	**$10.17**	**$16.15**	**$13.05**	**$13.30**

**Renewals not included in leasing statistics* ***Rental rates reflect weighted net asking $psf/year*

PRODUCT TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)*	UNDER CNSTR (SF)	CNSTR COMPL(SF)	OVERALL WEIGHTED AVG NET RENT**
Manufacturing	6,624,215	69,661	1.1%	0	0	0	0	0	$10.17
Office Service	4,965,976	262,835	5.3%	-77,468	-77,468	46,970	50,022	0	$16.15
Warehouse/Distribution	31,576,857	2,518,281	8.0%	69,479	69,479	161,907	726,670	0	$13.05

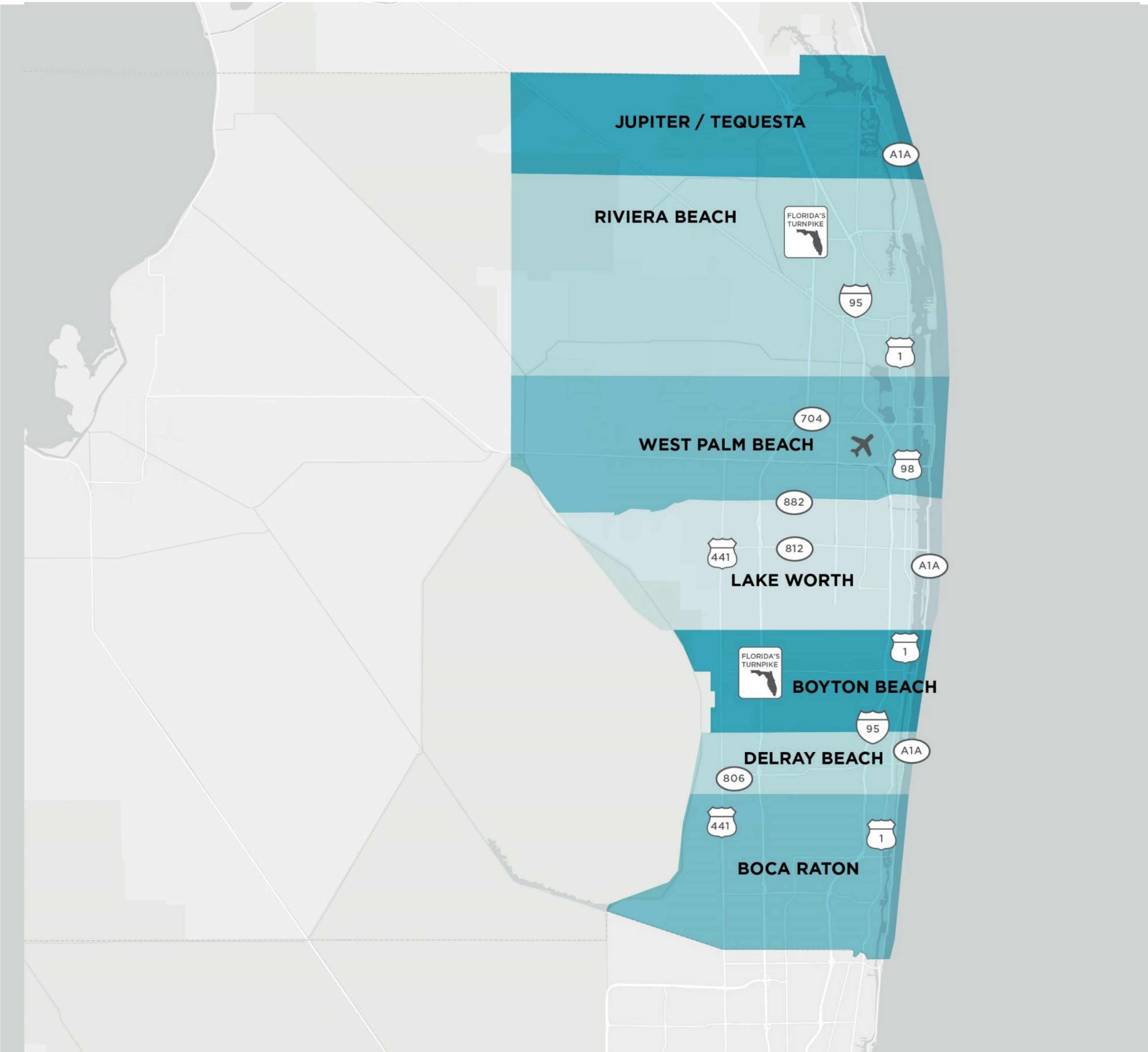
KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5720 Premier Park Dr	West Palm Beach	Deutz Corp	43,880	New
6017 Southern Blvd	West Palm Beach	Ideal Nutrition	43,200	New
1377 Clint Moore Road	Boca Raton	Exclusive Flooring Company of South Florida	18,000	New
7880 Central Industrial Dr	Riviera Beach	Above the Mark International, LLC	15,000	New

KEY SALE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
Brightleaf Management(Portfolio Sale)	West Palm Beach/Riviera Beach	Brightleaf Management | Twenty Lake Holdings	93,325	16.8M | $176
1160 South Rogers Circle	Boca Raton	High Street Logistics Properties | Statewide Windows & Doors	40,000	$12.1M | $301

INDUSTRIAL SUBMARKETS



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