

## Palm Beach Industrial Market

Palm Beach’s industrial sector registered approximately 50,000 square feet of net positive absorption in the second quarter of 2022, with most move-in activity occurring in the North Central submarket. The development pipeline remained stable quarter-over-quarter at 733,944 square feet with no facilities either completing construction or breaking ground in the past three months. As demand outpaced supply, market vacancy was trimmed by 10 basis points quarter-over-quarter to 4.1%.

Palm Beach’s quarterly absorption volume was a robust showing for the small industrial market in historical context, but marked a deceleration from the record-breaking quarterly absorption tallied in the trailing four quarters. Year-to-date, the market has totaled nearly 240,000 square feet of demand growth, which places it on a strong trajectory for a solid year of tenancy gains. Yet, as consumers react to high inflation and moderate their spending on goods across the nation, industrial demand is correcting back to pre-pandemic volumes, which is playing out in Palm Beach. This trend was visible in second-quarter leasing activity: approximately 271,000 square feet of industrial space was leased, which was the lowest level since second-quarter 2020, during the height of the pandemic.

Average asking rents for Palm Beach industrial space continued to grow in the second quarter of 2022 as vacancy declined. At \$12.16/SF by quarter-close, asking rents have grown 20.0% year-over-year. Palm Beach asking rents remain the highest of all three South Florida industrial markets, although Miami’s industrial asking rents have grown to near-parity with Palm Beach pricing.

There were a flurry of notable industrial capital markets transactions in the second quarter of 2022, including a 9-building small-bay industrial complex on Skees Road in West Palm Beach. Alliance HP purchased the complex from Granite Capital for \$217/SF. Volatility in the capital markets took hold in the second quarter on the heels of the Federal Reserve raising interest rates, with more hikes to come in the balance of 2022, in an effort to quell rampant inflation. The market for investment sales opportunities in Palm Beach is likely to be more muted in the third quarter as investors react to rapidly shifting market conditions.

### Current Conditions

Palm Beach’s industrial market moved along, holding consistent to recent quarterly performances, with moderate growth pushing vacancy downward.

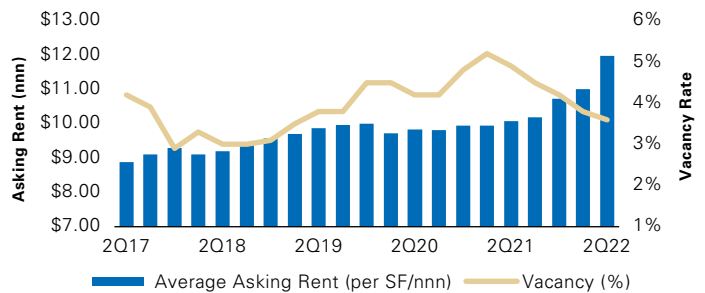
Leasing continued to taper as demand appeared to be limited to deals below the 10,000-square-foot threshold.

Average asking rates continued to increase; landlords have begun increasing asking rents as tight market conditions held throughout the second quarter of 2022.

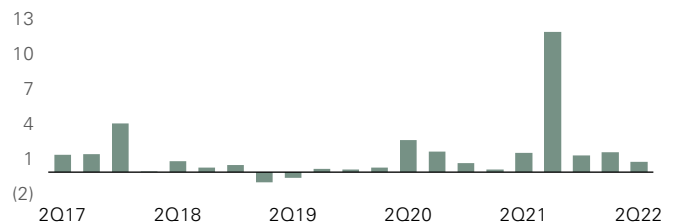
Demand for industrial properties remained moderate from investors, but investment sale prices saw a decline due to the limited amount of industrial sales.

### Market Analysis

#### ASKING RENT AND VACANCY RATE



#### NET ABSORPTION (100,000 SF)



### Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	45.6M	45.6M	44.5M	↑
Vacancy Rate	3.6%	3.8%	4.9%	↔
Quarterly Net Absorption (SF)	89,779	169,255	167,266	↔
Average Asking Rent/SF	\$11.98	\$11.01	\$10.98	↔
Under Construction (SF)	733,944	733,944	1.0M	↔
Deliveries	0	0	0	↔

## Palm Beach Submarket Statistics

	Total Inventory (SF)	Under Construction (SF)	Total Availability Rate	Qtr Absorption (SF)	YTD Absorption (SF)	WH/Dist Asking Rent (Price/SF)	R&D/Flex Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
Boca Raton	8,491,074	0	4.2 %	-48,132	-31,383	\$15.53	\$17.85	\$16.98
North Central	25,837,386	594,245	4.2 %	80,657	184,735	\$8.68	\$14.44	\$10.31
North County	5,587,320	95,199	6.8 %	17,225	19,868	\$8.23	\$9.95	\$8.96
South Central	10,943,725	44,500	2.4 %	181	61,538	\$11.64	\$14.31	\$11.78
<b>Totals</b>	<b>50,859,505</b>	<b>733,944</b>	<b>4.1 %</b>	<b>49,931</b>	<b>234,758</b>	<b>\$9.70</b>	<b>\$16.86</b>	<b>\$12.16</b>

## Palm Beach Lease / User Transactions

Building	Submarket	Type	Square Feet
18855 Bee Line Hwy	Palm Bch Cty Outlying	3 Star Industrial	6,820
6403 W Rogers Cir	Park at Broken Sound	3 Star Industrial Warehouse	44,550
2602 Kelly Ln	Lake Worth East	2 Star Industrial Warehouse	16,560
525 Gator Dr	Lake Worth East	2 Star Industrial Warehouse	15,000
421 NE 7th Ave	Boynton Beach	2 Star Industrial Warehouse	9,000

## Palm Beach Select Sale Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
15335 Park Of Commerce Blvd - Building 25	Palm Bch Cty Outlying	\$35,596,087	\$161.8	220,000
1601 Hill Ave	Austin Park/Hill/53rd	\$22,000,000	\$96.66	227,599
100 Benoist Farms Rd	West of Turnpike	\$14,000,000	\$933.33	15,000
1100 25th St – Lakeside Distribution Center	Electronics Way	\$12,230,000	\$158.83	77,000