



Palm Beach County Industrial Market

Absorption posted negative for the second consecutive quarter for the first time since 2019. Demand for space has not fallen off significantly as absorption closed at negative 17,950 square feet.

Vacancy has increased for the third straight quarter, closing the first quarter of 2023 at 5.4%. South Central and North County remain the tightest submarkets in Palm Beach County, with vacancy rates of 3.4% and 5.2%, respectively.

Average asking rents in Palm Beach County increased to \$12.96/SF in the first quarter of 2023, a jump of 18.3% from \$10.93/SF one year ago. R&D/flex rents closed the quarter at a premium to warehouse/distribution rents, closing at \$16.60/SF and \$10.79/SF, respectively.

Just over 300,000 square feet of product delivered in the first quarter of 2023. An additional 2.9 million square feet remains under construction. North Central and North County account for most of that total, each with more than 1.0 million square feet in the pipeline.

Leasing and Demand

Palm Beach County's leasing activity decreased by 44.3% quarter over quarter, from 1.1 million square feet to just over 600,000 square feet. Despite this notable drop, activity was just 2.9% below the long-term average of 630,000 square feet.

Four of the five largest deals this quarter were signed in the North Central submarket, led by Eastern Metal Supply's deal for 124,479 square feet at 1673 Meathe Dr. GummyWorks and Coastal Metal also signed leases for over 50,000 square feet this quarter.

Investment Sales Activity

Through February, eight transactions were finalized across 233,886 square feet. Pricing landed at \$254/SF through February, with a total of \$59.4 million of volume.

Ares purchased 644-646 Park of Commerce Way in Boca Raton for \$27.8 million, or \$233/SF, one of the largest sales this quarter.

Current Conditions

Palm Beach's industrial absorption posted negative for the second straight quarter, closing at negative 17,950 square feet.

Vacancy rates have continued to climb, increasing for the third straight quarter, up to 5.4%

Asking rents increased by \$0.33/SF quarter over quarter to \$12.96/SF, approaching the cyclical-high recorded in the third quarter of 2022.

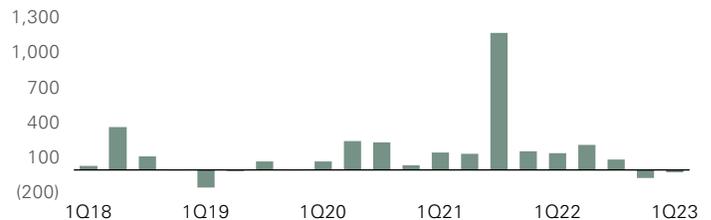
Leasing demand fell from last quarter but remains in line with the long-term average. Sales volume totaled \$59.4 million through the first two months of the quarter.

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)	45.9M	45.6M	45.1M	↑
Vacancy Rate	5.4%	4.5%	4.3%	↑
Quarterly Net Absorption (SF)	-17,950	-69,844	145,966	↑
Average Asking Rent/SF	\$12.96	\$12.63	\$10.93	↑
Under Construction (SF)	2.9M	2.2M	733,944	↔
Deliveries (SF)	303,997	44,500	212,188	↑

Palm Beach County Submarket Statistics

Submarket	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	7,954,128	-	6.4 %	61,578	61,578	\$17.27	\$18.04	\$16.45
North Central	21,745,392	1,605,876	6.0 %	-70,845	-70,845	\$11.03	\$13.56	\$11.91
North County	6,777,100	1,075,476	5.2 %	-4,270	-4,270	\$8.66	-	\$8.87
South Central	9,395,658	209,064	3.4 %	-4,413	-4,413	\$7.86	\$14.29	\$11.59
Totals	45,872,278	2,890,416	5.4 %	-17,950	-17,950	\$10.79	\$16.60	\$12.96

Palm Beach County Lease/User Transactions

Tenant	Submarket	Building	Type	Square Feet
Eastern Metal Supply	North Central	1673 Meathe Dr	Direct	124,479
GummyWorks	North Central	386 N Haverhill Rd	Direct	95,301
Coastal Metal	North Central	9040 Belvedere Rd	Direct	55,080
Undisclosed	North County	3910-3980 RCA Blvd	Direct	52,364
Undisclosed	North Central	1500 Avenue R	Direct	19,961

Palm Beach County Select Sale Transactions

Buyer/Seller	Submarket	Building	Sale Price	Price/SF
Ares Industrial Real Estate Income Trust / McCraney Property Company	Boca Raton	644-646 Park of Commerce Way	\$27.8M	\$233
Barrett-Jackson Auction Co. / Kathryn Villano	North Central	3900 Consumer St	\$5.1M	\$169
Apollo Development & Land Corp. / Frank Stellino Jr.	South Central	2800 2nd Ave N	\$4.5M	\$154
Farpoint Investments / DDE Indiantown	North Central	4390 Westroads Dr	\$5.2M	\$180
Redfearn Capital / Eastern Waste Systems	North Central	440 & 480 Tall Pines Rd	\$10.0M	\$174