

2024
Q2

Palm Beach Industrial

MARKET REPORT

ABSORPTION & VACANCY

In Q2 2024, industrial net absorption in Palm Beach is down significantly, at -359,826 s.f. Much of this is due to new product coming on the market, and small tenants vacating space.

While 820,000 square feet of industrial space is currently under construction, this still represents a decline from recent years. Recent deliveries have contributed to over 1.2 million square feet of available space in properties built since 2020, impacting both absorption and vacancy rates. More than 80% of the under-construction product is still not leased. This is expected to put downward pressure on rental rates and absorption, as well as upward pressure on vacancy rates, but only in the near term while that space is absorbed. Even with this scenario, vacancy rates are anticipated to remain below the national average, at or below 6%.

Palm Beach's strategic location within South Florida, the ninth-largest U.S. metropolitan area, coupled with its growing population and economic strength, continue to drive demand for industrial space. While not a primary container port, the Port of Palm Beach provides essential infrastructure supporting local businesses. As Fort Lauderdale and Miami grapple with limited availability, Palm Beach is increasingly becoming a sought-after destination for industrial tenants, with product available and land for expansion.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	47,209,223	7.4%	\$17.24	8.4%	(352,692)	0	730,438
Specialized Industrial	11,948,945	4.2%	\$16.11	7.0%	(55,976)	0	0
Flex	11,421,767	4.2%	\$20.99	5.6%	48,842	0	86,922
Market	70,579,935	6.3%	\$17.65	7.7%	(359,826)	0	817,360

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	2.6%	5.0%	6.1%	10.9%	2009 Q4	2.4%	2018 Q3
Net Absorption SF	(18.8K)	677,045	459,681	2,209,838	2005 Q3	(2,357,469)	2009 Q3
Deliveries SF	2M	868,855	753,638	2,044,011	2021 Q2	31,589	2013 Q4
Market Asking Rent Growth	6.1%	3.4%	5.0%	11.4%	2022 Q3	-4.0%	2009 Q4
Sales Volume	\$471M	\$251.3M	N/A	\$1.1B	2022 Q4	\$35.5M	2010 Q1

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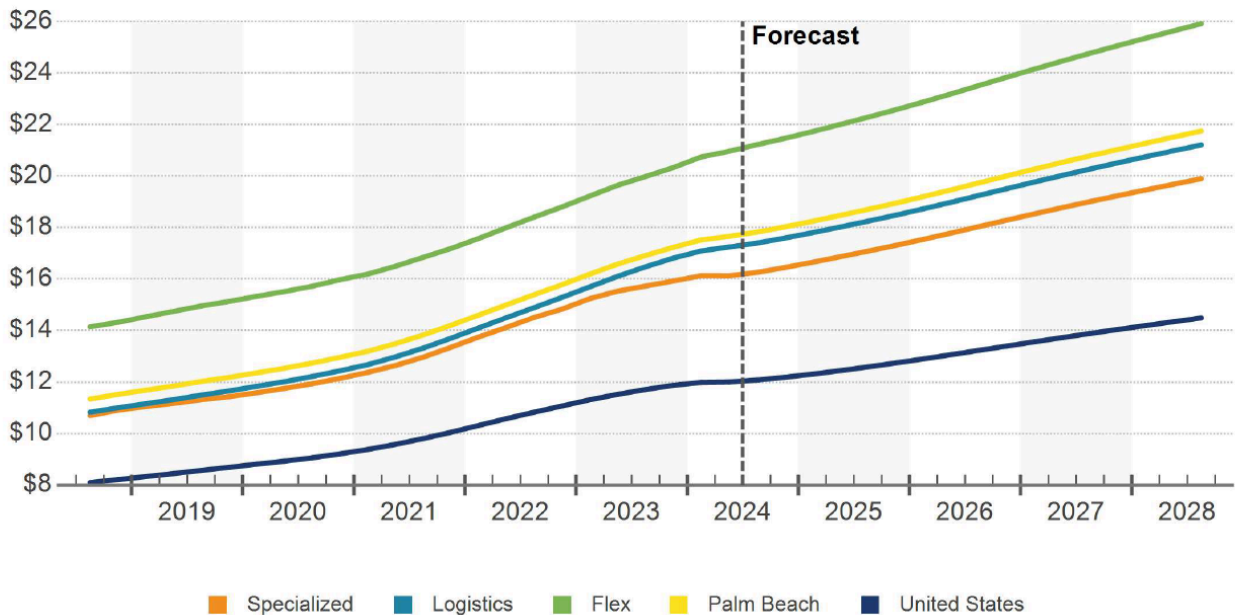
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ASKING RENT PER SF

Palm Beach's industrial markets experiencing unprecedented rental growth. Strong tenant demand has propelled asking rents to a record-high \$17.70 per square foot, solidifying Palm Beach as the third most expensive industrial market in Florida, trailing only Fort Lauderdale and Miami. Since 2019, rents have surged over 41%, outpacing the national average and aligning with supply-constrained markets like the Bay Area and Hawaii.

Larger logistics properties are commanding lower but rapidly appreciating rents. While asking rents for properties exceeding 100,000square feet stand at \$14 per square foot,15% below smaller assets, their rental growth since 2021 has been between 18% - 20%. Newer, larger industrial spaces offer value but face increased competition. While average asking rents for newer, 100,000+ square foot assets built since 2018 stand at \$13 per square foot due to location and competition, these properties boast strong rental growth of over 8% and high occupancy rates.

MARKET ASKING RENT PER SQUARE FEET



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TOP SALES

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Palm Beach Park of Commerce

Address: 14490 Corporate Rd. S., Jupiter
Sale Price: \$106,500,000
Price/SF: \$106.37
Building Size: 1,001,226 SF



Serta Simmons Building

Address: 3774 Interstate Park Rd. N., Riviera Beach
Sale Price: \$55,000,000
Price/SF: \$244.44
Building Size: 225,000 SF



Boynton Logistics Center

Address: 200 SW 35th Ave., Boynton Beach
Sale Price: \$15,403,870
Price/SF: \$179.10
Building Size: 90,643 SF



Lewis Terminals

Address: 1800 President Barack Obama Hwy., Riviera Beach
Sale Price: \$12,400,000
Price/SF: \$167.33
Building Size: 74,103 SF

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TOP LEASES

MARKET REPORT



Global Furniture

- 15501 Park of Commerce Blvd., Jupiter
- 47,257 SF
- New Lease



Good Greek Moving & Storage

- 1333 N. Jog Rd., West Palm Beach
- 46,028 SF
- New Lease



Rally Club

- 6600 High Ridge Rd., Boynton Beach
- 43,476 SF
- New Lease



“Palm Beach Industrial property sales are hitting new highs, with the average at \$174 per s.f., up \$40 in just 3 years. Strong tenant demand and investor demand are fueling the market. “

-Michael Feuerman, Esq., SIOR, CCIM,
Managing Director, Palm Beach County