

MARKETBEAT

Industrial Snapshot Q4 2015

Palm Beach County



PALM BEACH INDUSTRIAL

Economic Indicators

	2014	2015	12-Month Forecast
Palm Beach Employment	570.0k	583.3k	▼
Palm Beach Unemployment	5.5%	4.9%	▲
U.S. Unemployment	5.7%	5.0%	▲

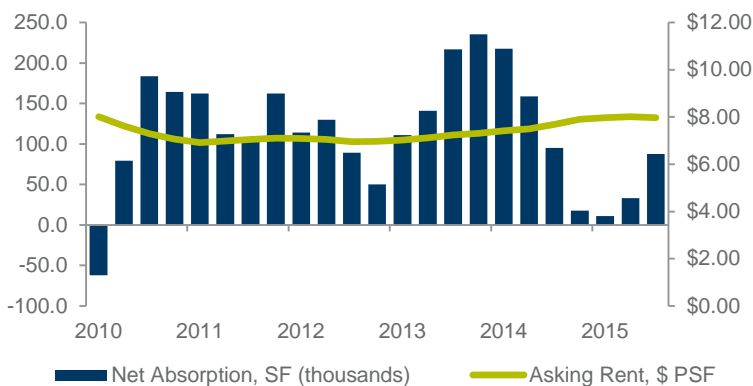
Market Indicators (Overall, All Classes)

	2014	2015	12-Month Forecast
Vacancy	6.7%	5.7%	■
Net Absorption (sf)	1,914,869	2,426,756	▲
Under Construction (sf)	460,263	1,394,303	■
Average Asking Rent*	\$6.52	\$7.08	▲

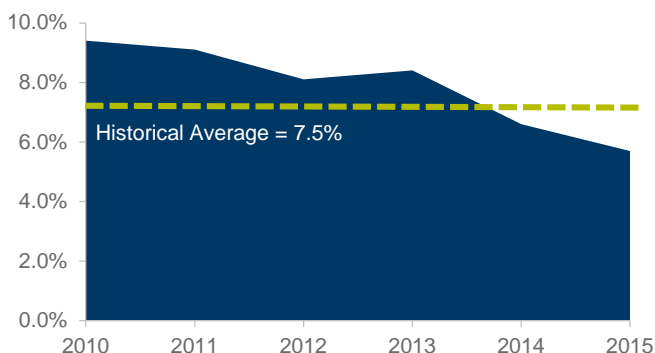
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

The unemployment rate in Palm Beach County fell 60 basis points (bps) over 2015 to end the year at 4.9%. Major industries that moved and expanded during the year include those in the trade/transportation and manufacturing sectors. Strong leasing activity during the year included several major renewals by tenants looking to stay in place in an increasingly competitive landlord market. Another factor for growth was heightened demand from the housing sector pushing many companies to expand their current footprints to meet increased production levels. Overall, economic growth in the County played a large part in the industrial market's improving statistics and helped the area close out 2015 on a strong note.

Market Overview

The vacancy rate fell to 5.7% - its lowest level in five years, cutting in half the amount of available space in the market. Every submarket was under 8.0% with most essentially having very little product vacant and ready for occupancy by new tenants. Moreover, only two industrial spaces over 100,000 square feet (sf) were vacant in the market. The Palm Beach County industrial market strengthened along with the Broward and Miami-Dade markets even as rental rates reached or exceeded comparable levels for the same quality of space.

Direct net asking rental rates rose 10.3% over the past five years on strong demand for warehouse/distribution space in both the West Palm Beach and Riviera Beach submarkets. In addition, rents for office service space increased 39.0% during that time, driven by significant bumps in the Jupiter submarket.

The largest completion in 2015 was a 650,000 sf build-to-suit for Aldi on State Road 7. Another 669,000 sf is currently under construction in five projects, the largest being a build-to-suit and the other four speculative with several leases pending. The delivery of the new space in the first half of 2016 will alleviate some of the pent-up demand for expansion and new requirements.

Outlook

The industrial market in Palm Beach County is poised for further improvement on continued job and economic growth. Vacancy will remain tight even with 440,000 sf of potentially vacant space hitting the market. Other key fundamentals, including leasing activity and asking rental rates, will rise. Cushman & Wakefield forecasts solid improvement in the industrial market for Palm Beach County for 2016.

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SUBMARKET	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG. NET RENT (HT)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (WD)
Boca Raton	7,031,707	302,201	32,943	3.8%	39,254	0	N/A	N/A	\$11.36	\$10.52
Jupiter	2,913,828	48,896	0	7.8%	17,473	0	N/A	N/A	\$10.99	\$8.10
Delray Beach	2,427,035	97,744	47,170	6.7%	20,392	0	N/A	N/A	\$10.36	\$8.64
Boynton Beach	4,059,135	303,563	20,088	3.3%	96,909	0	N/A	\$9.75	\$8.52	\$6.22
Lake Worth	1,876,744	66,982	26,437	1.3%	48,832	0	N/A	\$3.25	N/A	\$7.00
West Palm Beach	14,977,111	354,784	32,388	3.9%	94,709	668,608	N/A	\$3.30	\$9.13	\$6.71
Riviera Beach	9,155,563	308,174	292,346	5.2%	64,266	0	N/A	\$5.46	N/A	\$6.73
PALM BEACH TOTALS	42,441,123	1,482,344	451,372	4.4%	381,835	668,608	N/A	\$5.05	\$10.51	\$7.15

*Rental rates reflect asking \$psf/year

FLEX = Flex Space HT = High Tech/Flex MF = Manufacturing OS = Office Service/Flex WD = Warehouse/Distribution

Key Lease Transactions 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
1800-1829 Corporate Dr	29,389	Grafton Products Corp.	Lease	Boynton Beach
2211/2213 Vista Parkway	16,528	Shred-It USA, LLC	Lease	West Palm Beach
6251 Park of Commerce Blvd	16,176	Laser Substrates	Lease	Boca Raton
8305 Garden Road	15,777	United Air Conditioning	Lease	Riviera Beach

Key Sales Transactions 2015

PROPERTY	SF	BUYER	PRICE / \$PSF	SUBMARKET
5500 Broken Sound Blvd NW	68,008	Mainstreet Capital Partners	Confidential	Boca Raton
5 Cheney Way	51,106	Pierce Hardy LP	\$6,300,000/\$123	Riviera Beach
1023-1029 North Florida Mango Drive	44,400	B&B Reality LLC	\$3,700,000/\$83	West Palm Beach
8390 NW 25th Street	35,779	C.I.U. Inc	\$3,000,000/\$82	Delray Beach

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