

MARKETVIEW

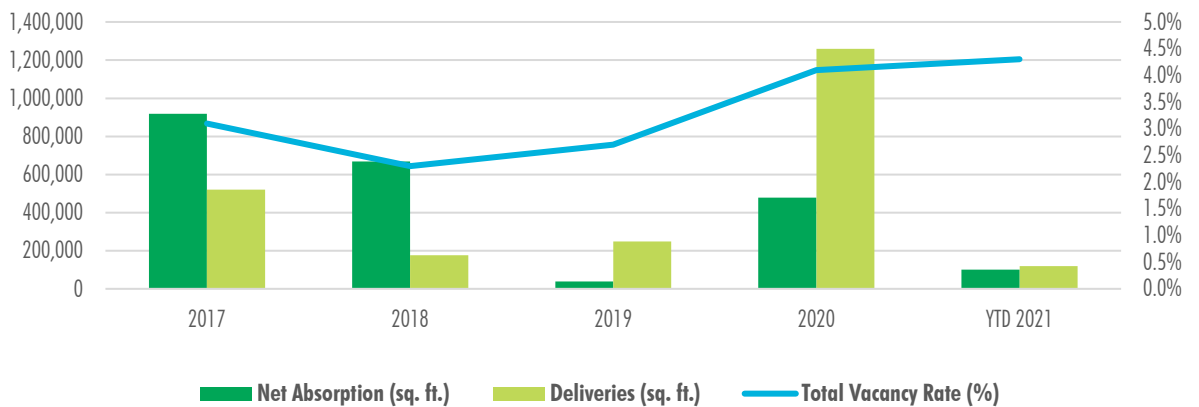
Q1 2021

Palm Beach Industrial

Healthy investment sales activity in Q1

▲ Inventory 48,849,859 SF
▼ New Deliveries 119,927 SF
▲ Under Const. 1,001,226 SF
▲ Total Vacancy 4.3%
▼ Net Absorption 100,783 SF
▼ Lease Rate \$10.47/SF

Historical Absorption, Deliveries and Vacancy



- During Q1 2021, the average transaction size was roughly 5,700 sq. ft., where asking rents are being recorded at roughly \$13.10 (NNN) per sq. ft.
- North of Palm Beach County, Legacy at Traditions is a Class A speculative development which can accommodate users between 100,000 and 2,000,000 sq. ft.; build-to-suit opportunities are also possible here.
- The 2nd largest occupancy for the quarter was TireHub, occupying 40,500 sq. ft. at Airport Logistics Park – Building 200. PODS was the largest (120,000 sq. ft.).

OVERVIEW

The Palm Beach industrial market saw little activity in the way of new construction, with PODS build-to-suit (120,000 sq. ft.) warehouse being the only delivery for the quarter. Although, deliveries were sparse, Palm Beach features higher quantities of industrial land, in comparison to Miami-Dade and Broward County. These parcels can accommodate users between ±200,000 sq. ft. and ±500,000 sq. ft., on top of the nearly 900,000 sq. ft. of available Class A space delivered during the second half of 2020; ideal for 3PL/Logistics, nutraceuticals and e-commerce users looking to expand their footprint in South Florida.

DEMAND

Industrial space in Palm Beach County continued to display resilience in Q1 2021 with leasing activity amounting to approximately 415,000 sq. ft. across 72 transactions. The largest lease was executed by Safebound Logistics, for nearly 32,000 sq. ft. Located at 4816 Wallis Road, the PODS build-to-suit was the main contributor to absorption this quarter, with the tenant occupying 120,000 sq. ft. which pushed net absorption positive for the quarter at roughly 101,000 sq. ft.

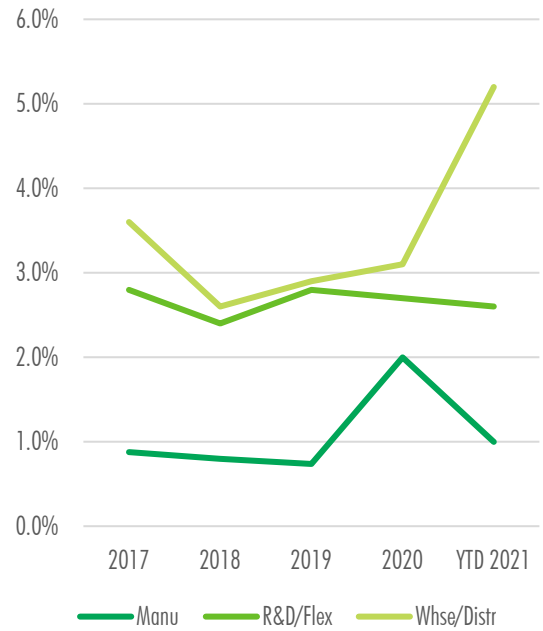
Year-over-year vacancy experienced an uptick of 170 basis points (bps) to 4.3%. This spike in vacancy can be attributed to the newly delivered buildings from 2020, with nearly 806,000 sq. ft. of vacant space. Given this increase, five out of the eight Palm Beach submarkets boast a vacancy rate of less than 3.0%, indicating tight market conditions.

PRICING

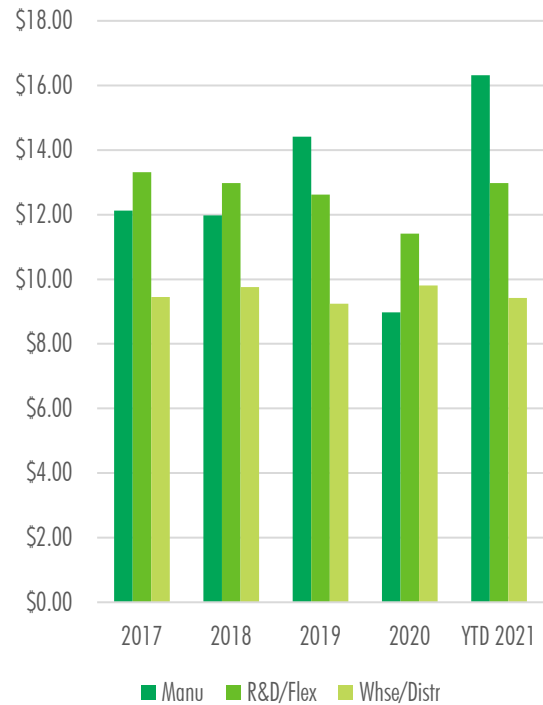
The overall asking rate for Palm Beach industrial space in Q1 2021 was recorded at \$10.47 per sq. ft. on a triple net basis. This represents a year-over-year decrease of 2.6%, or \$0.28. However, it should be noted that this decline is a result of the nearly 900,000 sq. ft. of available space quoting an average of \$9.00 (NNN) per sq. ft. that was brought online in previous quarters – over \$1.00 per square foot below the market average.

Investment sales for Palm Beach County were robust with 11 transactions amounting to \$62.0 million. The average price paid was \$162 per sq. ft. This time last year, investment sales volume was recorded at \$42.0 million – the highest quarterly total since Q2 2019. Institutional buyer, Alliance Partners, helped reach these heights with the purchase of 7233 Seacrest Boulevard for \$17.0 million, or \$126 per sq. ft.

Vacancy Rate



Asking Rates (\$/sq. ft./NNN)



OUTLOOK

The outlook for the United States economy is becoming very positive as COVID-19 vaccines are deployed at a rapid pace. At the close of the first quarter, over a quarter of Americans have received at least one dose of the vaccine. The rate of daily vaccinations has accelerated to 2.5 million, making societal and economic normalization possible by mid-year. A reopening of the economy would support near 7% GDP growth this year – the

strongest pace seen since the early 1980s. This expansion is poised to be broad-based, with personal consumption being a critical factor. Much of the spending will be focused on consumer services, such as restaurants and leisure travel, where recovery is imperative for the broader labor market; which, currently sits at 5% for total employment (excluding leisure and hospitality).

Q1 2021 Statistical Snapshot

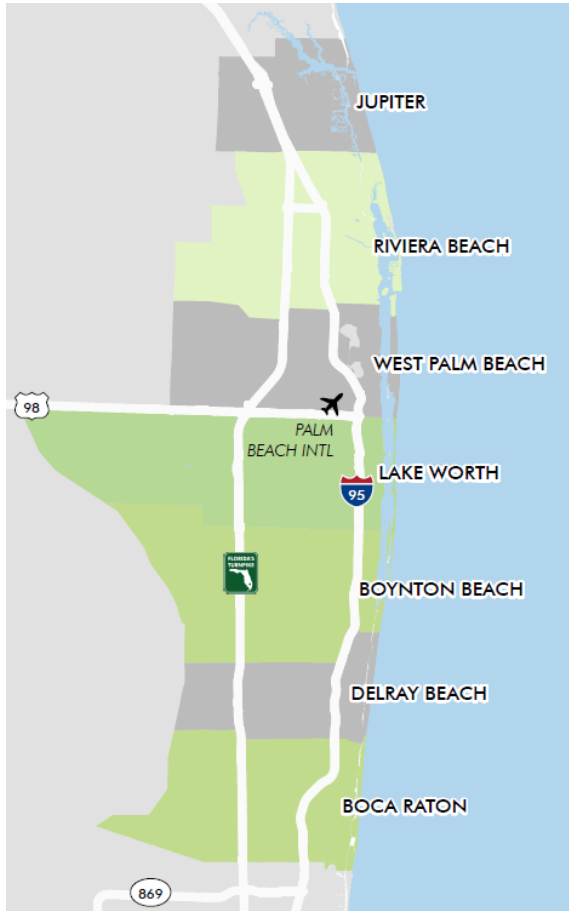
Submarket	Total Inventory (SF)	Total Vacancy (%)	Total Availability (%)	Q1 2021 Net Absorption (SF)	YTD 2021 Net Absorption (SF)	Under Construction (SF)	Avg. Asking Lease Rate (\$/NNN)
Boca Raton	7,442,840	2.9	5.4	(17,482)	(17,482)	0	13.78
Boynton Beach	4,434,837	6.7	10.4	(22,143)	(22,143)	0	8.47
Delray Beach	2,907,748	0.9	2.9	19,235	19,235	0	15.78
Jupiter	1,862,839	0.6	1.1	1,024	1,024	0	13.40
Lake Worth	4,252,057	5.6	6.8	24,298	24,298	0	9.50
Riviera Beach	11,966,147	2.9	4.8	30,042	30,042	0	11.05
West Palm Beach	13,500,935	6.7	9.3	74,209	74,209	0	10.26
Outlying PBC	2,482,456	1.5	2.7	(8,400)	(8,400)	1,001,226	9.79
Total Palm Beach	48,849,859	4.3	6.5	100,783	100,783	1,001,226	10.47
Manufacturing	4,956,545	1.0	1.7	0	0	0	16.32
R&D/Flex	9,742,046	2.6	4.9	(12,161)	(12,161)	0	12.98
Warehouse/Distribution	34,151,268	5.2	7.6	112,944	112,944	1,001,226	9.42

Q1 2021 Notable Leases

Submarket	Property	Tenant	Owner	Transaction (SF)
West Palm Beach	1701 Old Okeechobee Road	Safebound Logistics	Duke Realty Corporation	31,810
West Palm Beach	6800 Belvedere Road	One23 Fulfillment	Cabot Properties, Inc.	31,707
Boynton Beach	1200-1220 SW 35 th Avenue	Draper Castle	Elion Partners	30,000

Q1 2021 Notable Sales

Submarket	Property	Buyer	Transaction (SF)	Sale Price (\$)	Price/SF (\$)
Lake Worth	7233 Seacrest Boulevard	Alliance Partners	135,268	17,000,000	126
Boca Raton	5801 N Congress Avenue	Undisclosed	53,653	15,000,000	280



Market Coverage: Includes all competitive industrial buildings 10,000 sq. ft. and greater in size in Palm Beach County.

Note: Some variance in reported data may have resulted from a recent realignment and redefinition of submarket boundaries.

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