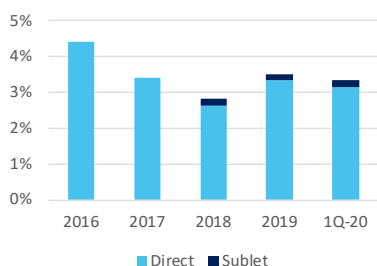


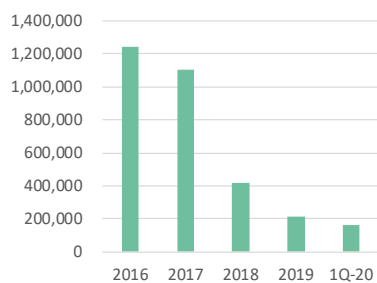
Palm Beach County

First quarter statistics serve as an indicator of the Palm Beach County industrial market's position prior to the COVID-19 crisis, which began to unfold locally with widespread social distancing measures in March. The leasing and sales environment has changed dramatically since that time, and those impacts will begin to materialize in the data in the second quarter.

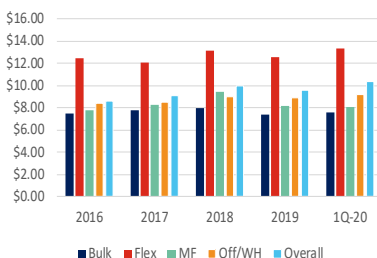
Vacancy Rate



YTD Net Absorption (SF)



Average Asking Rent Rate (\$/SF/NNN)



Palm Beach County Boasts Strong Start to the Year, Recording Low Vacancy and Record Construction

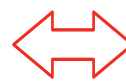
- Palm Beach County's industrial market started off 2020 in a much stronger position than its previous start to 2019, recording positive net absorption of 163,561 sf at the end of 1Q-2020 when compared to the negative 78,852 sf at the same time in 2019.
- The largest lease of the quarter was Niagara Bottling's lease for 114,536 sf at the newly built Building 25 at the Palm Beach Park of Commerce in North Palm Beach. Spartan Motors also leased 34,950 sf at the building, which now brings it to 68% leased just one quarter after delivering.
- Johnson Development recently broke ground on a 120,282-sf distribution warehouse called the Riviera Beach Port Commerce Center in the West Palm Beach submarket. The development will be the first quality distribution space in Riviera Beach area in over a decade and is expected to deliver during the third quarter of this year. At the close of 1Q-2020, nearly 70% of industrial projects under construction were in the West Palm Beach submarket.
- Vacancy has consistently held steady near 3% due to a limited construction pipeline. With the upcoming delivery of the first phase of the Airport Logistics Park during 2Q-2020 reporting no pre-leasing as of yet, vacancy may soon trend upward.
- The largest investment sale of the first quarter was Brookfield Asset Management's \$31.4 million acquisition of 700 Banyan Trl in Boca Raton. The property, which sat mostly vacant for some time, was recently fully leased to a large e-commerce user during the third quarter of 2019.

Trends to Watch



91% Leased

Demand for high-quality logistics space remains strong, particularly in West Palm Beach. 91% of all new construction within the past 3 years has been leased.



3% Vacancy

Palm Beach's industrial market remains extremely tight with vacancy consistently hovering around 3% or below for 13 consecutive quarters.



Record Construction

Pent up demand has sparked a development boom in Palm Beach County. Over 1 million sf is under construction at the end of 1Q20, the highest level in almost two decades.

39.2 MSF

Total industrial inventory in the Palm Beach County market

163,561 SF

Direct Y-T-D net absorption as of 1Q-2020

3.33%

Overall Vacancy

\$8.83/SF/NNN

Average rental rate for industrial space (excluding flex)

Palm Beach County										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	4,557,603	109,889	0	\$7.57	97.59%	2.41%	0.00%	2.41%	591,027	149,486
Flex	11,060,268	424,261	8,520	\$13.34	96.16%	3.84%	0.08%	3.91%	0	(15,053)
Manufacturing	6,271,878	120,924	43,213	\$8.04	98.07%	1.93%	0.69%	2.62%	0	0
Warehouse / Distribution	17,346,975	585,921	13,344	\$9.23	96.62%	3.38%	0.08%	3.45%	437,781	29,128
Total	39,236,724	1,240,995	65,077	\$10.37	96.84%	3.16%	0.17%	3.33%	1,028,808	163,561

Boca Raton										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Flex	3,193,240	171,205	8,520	\$14.69	94.64%	5.36%	0.27%	5.63%	0	(4,968)
Manufacturing	795,545	9,000	0	\$10.00	98.87%	1.13%	0.00%	1.13%	0	0
Warehouse / Distribution	2,399,960	46,461	0	\$11.91	98.06%	1.94%	0.00%	1.94%	0	(35,447)
Total	6,388,745	226,666	8,520	\$13.93	96.45%	3.55%	0.13%	3.68%	0	(40,415)

Delray Beach										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Flex	966,351	27,175	0	\$13.86	97.19%	2.81%	0.00%	2.81%	0	28,581
Manufacturing	224,841	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	979,711	2,775	0	\$12.56	99.72%	0.28%	0.00%	0.28%	0	0
Total	2,170,903	29,950	0	\$13.74	98.62%	1.38%	0.00%	1.38%	0	28,581

Boynton Beach										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	450,000	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Flex	883,765	34,397	0	\$13.33	96.11%	3.89%	0.00%	3.89%	0	3,308
Manufacturing	513,908	56,382	0	\$8.75	89.03%	10.97%	0.00%	10.97%	0	0
Warehouse / Distribution	2,016,339	148,308	0	\$8.46	92.64%	7.36%	0.00%	7.36%	0	19,198
Total	3,864,012	239,087	0	\$9.23	93.81%	6.19%	0.00%	6.19%	0	22,506

Lake Worth										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	252,000	39,375	0	\$8.15	84.38%	15.63%	0.00%	15.63%	0	0
Flex	667,605	22,123	0	\$5.83	96.69%	3.31%	0.00%	3.31%	0	5,926
Manufacturing	562,038	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	956,557	15,746	0	\$8.09	98.35%	1.65%	0.00%	1.65%	0	(9,181)
Total	2,438,200	77,244	0	\$7.47	96.83%	3.17%	0.00%	3.17%	0	(3,255)

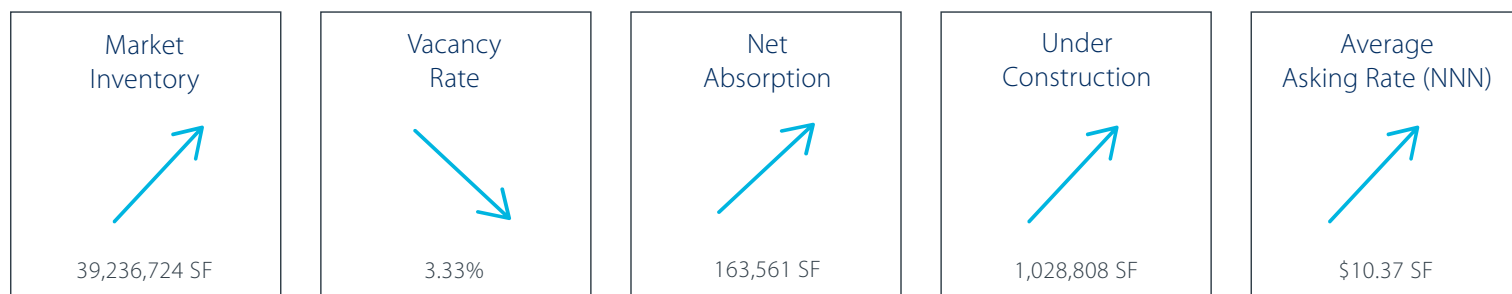
Wellington										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	875,198	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Flex	598,782	3,542	0	\$13.76	99.41%	0.59%	0.00%	0.59%	0	8,547
Manufacturing	231,501	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	878,451	21,150	0	\$11.22	97.59%	2.41%	0.00%	2.41%	317,499	(600)
Total	2,583,932	24,692	0	\$11.59	99.04%	0.96%	0.00%	0.96%	317,499	7,947

West Palm Beach										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	2,090,405	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	591,027	0
Flex	3,694,097	84,652	0	\$11.10	97.71%	2.29%	0.00%	2.29%	0	(9,940)
Manufacturing	3,132,744	55,542	43,213	\$7.00	98.23%	1.77%	1.38%	3.15%	0	0
Warehouse / Distribution	9,393,508	305,616	13,344	\$9.06	96.75%	3.25%	0.14%	3.40%	120,282	17,358
Total	18,310,754	445,810	56,557	\$9.19	97.57%	2.43%	0.31%	2.74%	711,309	7,418

North Palm Beach										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	Occupancy	Vacancy	Sublet Vacancy	Total Vacancy	Under Construction	Net Absorption
Bulk Distribution	890,000	70,514	0	\$7.25	92.08%	7.92%	0.00%	7.92%	0	149,486
Flex	1,056,428	81,167	0	\$14.69	92.32%	7.68%	0.00%	7.68%	0	(46,507)
Manufacturing	811,301	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	0
Warehouse / Distribution	722,449	45,865	0	\$9.36	93.65%	6.35%	0.00%	6.35%	0	37,800
Total	3,480,178	197,546	0	\$10.80	94.32%	5.68%	0.00%	5.68%	0	140,779

Reporting Methodology: This report includes all industrial buildings and parks 20,000 SF and greater in Palm Beach County that are not government owned. All rents are reported on a triple-net basis and are direct weighted averages calculated on total available space. The information in this report has been collected by the Avison Young research team via sources that are deemed reliable but is not guaranteed.

Leading Indicators (Y-O-Y 1Q-2019 to 1Q-2020)



Significant First Quarter 2020 Lease Transactions - Sorted by SF

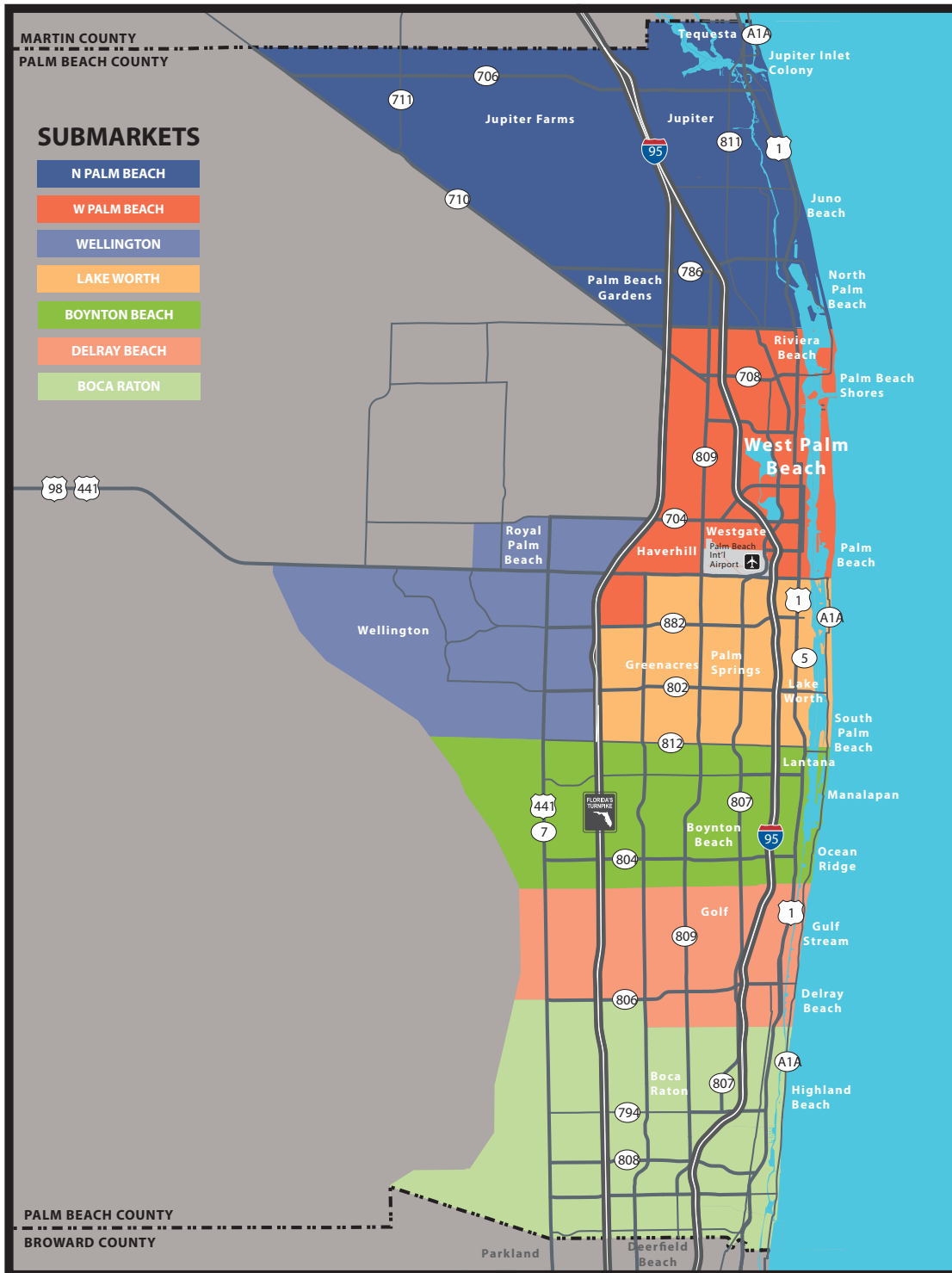
Tenant	Property	Type	SF	Submarket
Niagara Bottling	Palm Beach Park of Commerce - Bldg 25	New	114,536	North Palm Beach
Home Depot	Prologis Airport Center - Bldg 3	New	77,760	West Palm Beach
Trane Supply	6965 Vista Parkway N	Renewal/Expansion	63,117	West Palm Beach
Walmart	14924 Corporate Rd S	Renewal	36,000	North Palm Beach
Spartan Motors	Palm Beach Park of Commerce - Bldg 25	New	34,950	North Palm Beach
Parts Authority	2211 Vista Parkway	New	32,120	West Palm Beach
Palm Beach County Food Bank	Boutwell Business Center	New	27,960	Lake Worth
Service Partners	2211 Vista Parkway	New	17,603	West Palm Beach
Deutz Corp	475 N Cleary Rd	New	15,010	West Palm Beach
Kiosoft	1137 Gateway Blvd	New	14,978	West Palm Beach

Significant First Quarter 2020 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
700 Banyan Trl	175,625	\$31,400,000	\$179	Brookfield Asset Management	Boca Raton
1200 & 1210 SW 35th Ave	198,007	\$25,850,000	\$131	Elion Partners	Boynton Beach
5731 Premier Park Dr*	119,165	\$16,860,332	\$141	WPT Industrial REIT	West Palm Beach
7970 Central Industrial Dr**	39,378	\$4,410,331	\$112	Spirit Realty Capital	West Palm Beach
4651 Dryer Riviera Beach	12,104	\$3,500,000	\$289	Leo Addimando	West Palm Beach

* Part of a \$730 million portfolio sale encompassing 26 distribution centers

** Part of a portfolio sale of 15 buildings owned and occupied by Mac Papers



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