



## 1Q14

## PALM BEACH COUNTY INDUSTRIAL MARKET

Newmark Grubb Knight Frank

MOST IMPROVED  
INDUSTRIAL  
SECTOR FOR  
SOUTH FLORIDA

Palm Beach's industrial sector recorded the strongest year-over-year drop in overall vacant space, falling 130 basis points from the 7.5% rate recorded one year ago. The lack of speculative industrial development has aided the market's recovery as demand outpaced supply for the 16th consecutive quarter, cutting vacancy in half from its 12.4% peak at the end of first quarter 2010.

One building, a build-to-suit, remains under construction in Palm Beach County. Aldi's is expected to occupy the 650,000-square foot distribution facility in the North Central industrial submarket toward the middle of this year, when it is projected to be completed. No other projects are slated to break ground for the year. Space opportunities have diminished quickly as leasing activity remained steady.

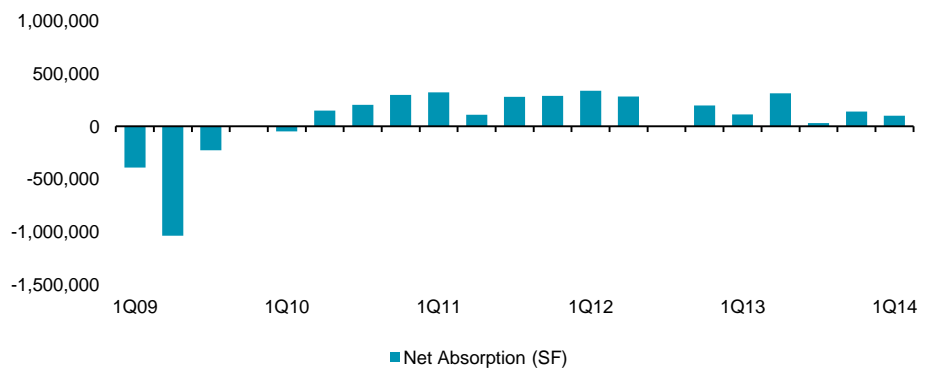
During the quarter, 88 lease deals were recorded totaling over 265,000 square feet of transaction activity, which is on par with the 267,000 square feet of activity reported at the same time last year. Market fundamentals stayed on track as occupancy reached its lowest point in seven years. Conditions will only become tighter as companies compete for an increasingly limited amount of available space in the market.

These tight conditions in turn enabled landlords to push asking rates higher,

Asking Rent and Vacancy



Absorption



## Key Indicators

Total Inventory (SF)	45,777,453		
	1Q14	4Q13	1Q13
Asking Rent (Price/SF)	\$7.38	\$7.03	\$6.87
Vacancy Rate (%)	6.2%	6.5%	7.5%
Under Construction (SF)	650,000	650,000	0
	1Q14	4Q13	YTD
Net Absorption (SF)	99,699	139,537	99,699
Deliveries (SF)	0	0	0

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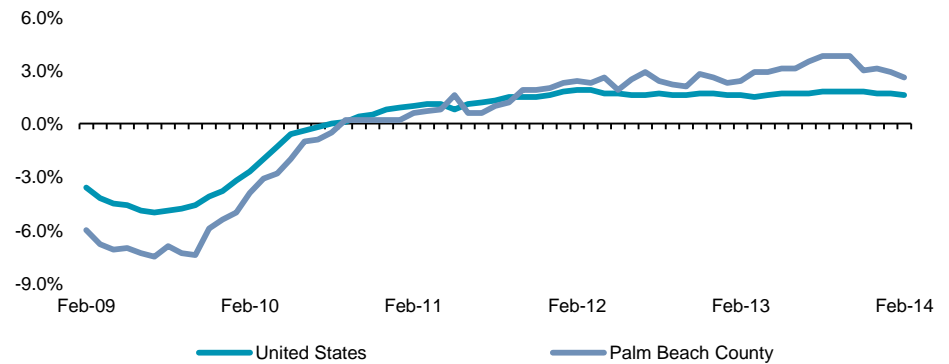


as quoted rents increased for the eighth consecutive quarter during the fourth quarter. The direct weighted average asking rate continued to inch upward, increasing \$0.51 from the \$6.87/SF triple net rent quoted during first quarter of 2013. Among the various product types, warehouse/distribution space experienced a \$0.86/SF year-over-year rise from the \$5.65/SF triple net rate while R&D/flex space increased \$0.68 over the \$8.79/SF triple net rate recorded one year ago. General industrial space increased \$0.30/SF year-over-year from last year's \$6.19/SF triple net rate. Rents are expected to increase every quarter as low vacancies tilt the market in favor of landlords.

Looking ahead, tight conditions are projected to remain for the next 12 to 24 months. Improving economic conditions, healthy industrial demand and growth in the residential real-estate sector should translate into increased demand for industrial space. The disciplined approach to building new inventory should continue to push vacancy downward while allowing landlords to increase asking rates.

## Payroll Employment

Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

## Construction and Deliveries

Square Feet, millions



## Select Lease Transactions

Tenant	Building	Submarket	Square Feet
Red Bull	Southern Mills Bus Pk-501 103 <sup>rd</sup> Ave	North Central	34,400
Wault Moving & Storage	Interstate Industrial Pk-3716 N Interstate Pk Rd N	North Central	18,000
Carrier Enterprise	Duke Realty Airport Ctr 2-1805 Old Okeechobee Rd	North Central	17,928
SW Automated	Boynton Commerce Ctr-2100 Corporate Dr	South Central	6,600

## Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
1800-1806 Madrid Ave	South Central	38,900	\$1,100,000	\$28
Airport Ind Pk-1711-1715 Upland Rd	North Central	33,434	\$2,100,000	\$63
Airport Ind Pk-1731 Upland Rd	North Central	31,200	\$2,000,000	\$64
2180 S Congress Ave	South Central	23,348	\$1,700,000	\$73
531 Southern Blvd	South Central	22,800	\$1.650,000	\$72



Submarket Statistics								
	Total Inventory (SF)	Under Construction (SF)	Total Vacancy 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	8,602,171	-	7.3%	-10,983	-10,983	\$7.74	\$11.14	\$9.78
North Central	23,233,128	650,000	5.6%	137,236	137,236	\$5.11	\$7.85	\$6.04
North County	3,555,121	-	6.3%	4,462	4,462	\$9.55	\$10.29	\$8.72
South Central	10,387,033	-	6.6%	-31,016	-31,016	\$6.66	\$9.19	\$7.46
<b>Totals</b>	<b>45,777,453</b>	<b>650,000</b>	<b>6.2%</b>	<b>99,699</b>	<b>99,699</b>	<b>\$6.36</b>	<b>\$9.47</b>	<b>\$7.38</b>

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## Glossary of Terms

### Absorption

A measure of the change in occupied space

### Availability

Space marketed for lease regardless of when the space will be available or whether the space is vacant or occupied

### Deliveries

The total RBA of properties added to the inventory once construction has been completed

### Direct Space

Available space offered for lease by the building owner, landlord, or owner representative

### Leasing Activity

The volume of leases signed including new leases, direct and sublet leases, extensions and renewals, and leases signed in proposed or under construction buildings

### Occupancy

Any space physically occupied by a tenant, regardless of lease status of the space

### Rentable Building Area (RBA)

A measurement of the total square feet in a building including the tenant and common areas such as the lobby and hallways

### Sublet Space

Available space offered for lease by a building tenant seeking a subtenant to fulfill the remaining lease obligation

### Under Construction

Buildings under construction are defined by the time the foundation is poured through the time the building is certified for occupancy

### Vacancy

Space not physically occupied by a tenant, regardless of the lease status or availability of space

### Weighted Average Rent

The asking dollar amount for the use of available space, weighted by size--the average does not include negotiable or unpublished rates and is reported as full service including operating costs

Industrial inventory includes all multi-tenant and single tenant buildings at least 10,000 square feet in total rentable building area. Owner occupied buildings are included in the inventory.

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