

# SOUTH FLORIDA INDUSTRIAL MARKET

## INDUSTRIAL STRENGTH HELD DESPITE ECONOMIC IMPACTS FROM COVID-19

South Florida saw over a 20.0% increase in positive net absorption from the previous quarter and had its strongest quarter in three years as demand outpaced supply with over 1.4 million square feet of absorbed space posted in the second quarter of 2020. The industrial sector showed its resilience despite the sudden economic downturn from the COVID-19 pandemic, combining for approximately 2.6 million square feet of positive net absorption through the first half of the year. Warehouse/ distribution dominated with over 2.4 million square feet of absorbed space, while general industrial lagged behind with over 161,000 square feet of net absorption. R&D/flex space experienced the only correction with 72,000 square feet of supply returned to the market. The development of 7.2 million square feet of new supply over the past 12 months increased vacancy by 90 basis points to 4.8%. This is a sign that demand fundamentals held strong, as companies still desire newer warehouse/ distribution space and overall vacancy remained below the 5.0% mark despite robust construction activity. Another 4.7 million square feet of new product is underway and will likely increase vacancy over the next year. The quoted average asking rent remained nearly level from the previous quarter but still translated into a gain of \$0.34/SF from this time last year to \$8.92/SF.

## LEASING DEMAND & INVESTMENT SALES

There were 435 deals totaling over 3.7 million square feet of lease activity during second-quarter 2020, for a total of 8.2 million square feet of transactions in the first half of 2020. This was down from the 10.0 million square feet reported at the same time last year. Warehouse/distribution with 6.9 million square feet, followed by general industrial with 1.0 million square feet. R&D/flex space posted 172,000 square feet so far this year. The retail/wholesale industry continued to dominate mid- to large-sized lease deals, totaling more than 2.2 million square feet, consistent with activity reported one year ago. Logistics and distribution companies held onto second place with 800,00 square feet, while the aviation and aerospace sector remained in third with 244,000 square feet. The region was on track to beat 2018 and 2019's record of more than 8.2 million square feet of mid- to large-sized lease deals, with more than 4.5 million square feet recorded at the midyear point.

Eighteen sales, totaling over 1.9 million square feet for a combined value of \$277.1 million, occurred during the first half of 2020. This was down from the 3.5 million square feet sold for \$398.5 million the same time last year. The average sales price for investments saw a year-over-year increase to \$144/SF from \$113/SF.

## CURRENT CONDITIONS

Net absorption grew from one year ago as tenant occupied more space despite slowing economic conditions.

South Florida is on pace to exceed the record setting 8.0 million square feet of midsize to large lease deals recorded in the previous two years.

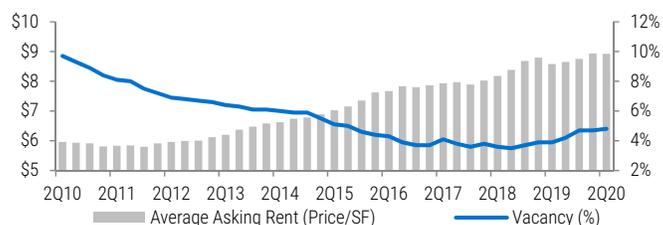
Over 4.5 million square feet of lease transactions over 20,000 square feet occurred in the first-half of 2020.

Vacancy rates ticked upward as a result of new industrial buildings added to the market.

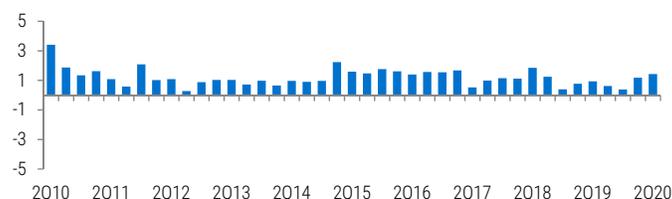
Developers remain bullish on the industrial sector as construction activity grew from the close of 2019.

## MARKET ANALYSIS

### Asking Rent and Availability



### Net Absorption (SF, Millions)



## MARKET SUMMARY

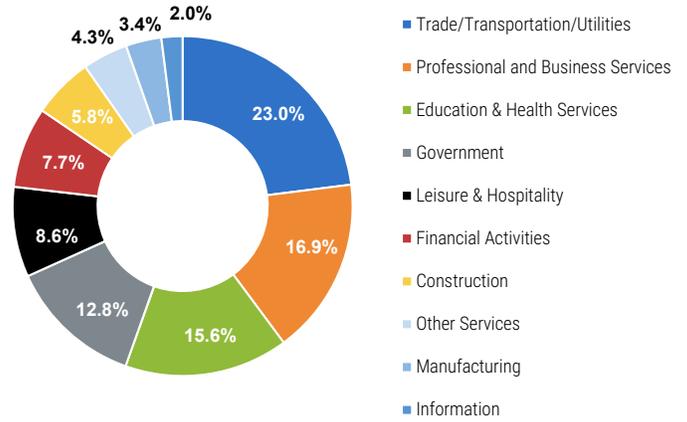
|                          | Current Quarter | Prior Quarter | Year Ago Period | 12-Month Forecast |
|--------------------------|-----------------|---------------|-----------------|-------------------|
| Total Inventory          | 378.4 MSF       | 376.6 MSF     | 370.1 MSF       | ↑                 |
| Vacancy Rate             | 4.8%            | 4.7%          | 3.9%            | ↑                 |
| Quarterly Net Absorption | 1.4 MSF         | 1.2 MSF       | 926,350         | ↓                 |
| Average Asking Rent      | \$8.92          | \$8.93        | \$8.58          | ↔                 |
| Under Construction       | 4.7 MSF         | 4.5 MSF       | 5.9 MSF         | ↓                 |
| Deliveries               | 1.8 MSF         | 1.5 MSF       | 1.4 MSF         | ↔                 |

## ECONOMIC CONDITIONS

South Florida's unemployment rate jumped to 13.2%, with 290,900 jobs lost as a result from the Covid-19 pandemic outbreak shutting down operations throughout the region in late March through the end of May. This was the just after South Florida recorded the lowest unemployment rate in first-quarter 2020. This is the highest recorded unemployment rate the region has posted going back to 1990 and 190 basis points above the 11.3% peak rate recorded during the financial crisis in 2008. Broward County reported the largest spike in unemployment, climbing to 14.5% from 2.8% from one year ago. Palm Beach's rate followed suit with a significant increase to 10.9% from 3.0%, while Miami-Dade saw unemployment rise to 11.3% from the 2.7% recorded at the close of second-quarter 2019. South Florida's strong ties to tourism devastated the leisure and hospitality industry with over 129,000 jobs lost from one year ago. Trade, transportation and utility job losses trailed with the second highest job loss, totaling more than 50,000. All key industries felt the affects from the "stay-in-place" order with the construction sector fairing the best with only 100 jobs lost from one year ago. Since May numbers for the region haven't been posted yet, it is likely that come third-quarter, these numbers should begin to improve.

## EMPLOYMENT BY INDUSTRY

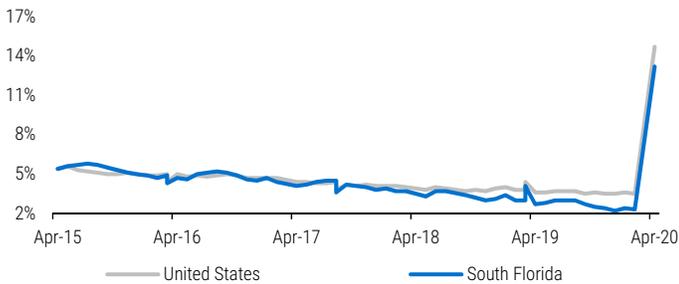
South Florida MSA, May 2020 Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

## UNEMPLOYMENT RATE

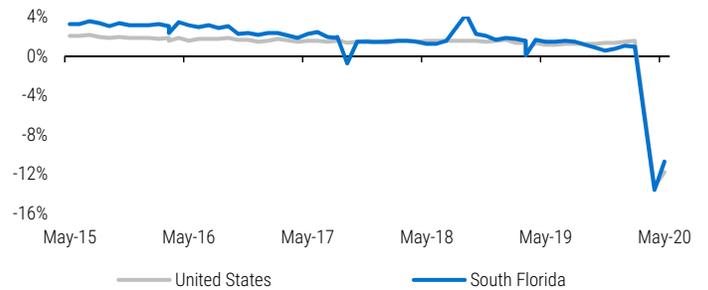
South Florida Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

## PAYROLL EMPLOYMENT

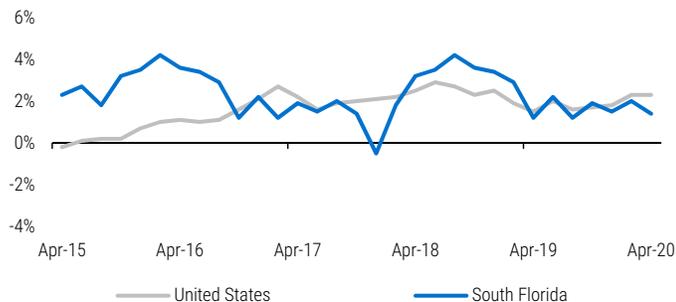
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

## CONSUMER PRICE INDEX (CPI)

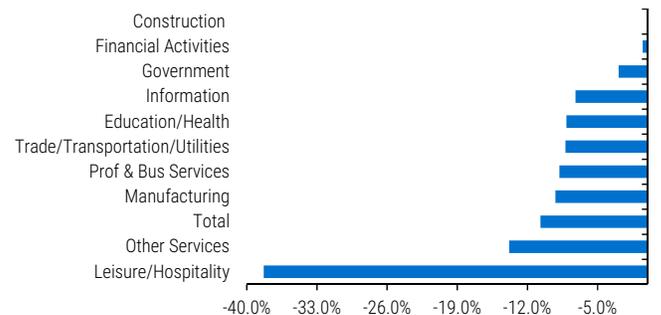
All Items, 12-Month % Change, Not Seasonally Adjusted,



Source: U.S. Bureau of Labor Statistics

## EMPLOYMENT GROWTH BY INDUSTRY

South Florida, April 2020, MSA, 12-Month % Change, Not Seasonally Adjusted



Source: U.S. Bureau of Labor Statistics

## MIAMI

The second quarter saw the Miami industrial market's vacancy rate hold level from the previous quarter as demand held off the 1.1 million square feet of new inventory during second-quarter of 2020. Miami continued to lead the region in absorption, reporting just under 1.0 million square feet of absorbed space for the quarter, combining to over 1.7 million square feet through the first half of the year. Despite the economic slowdown as "shelter-in-place" was initiated during the second quarter, the county actually saw an increase in industrial demand and leasing activity. Miami's industrial market is one of the strongest performers of Florida's major markets and held onto the lowest vacancy rate in the state for the seventh consecutive quarter. Tight market conditions coupled with healthy pre-leasing activity of new development continued to favor landlords, who in turn have held asking rents at record levels as the average rate continued to climb. The overall average held level from the previous quarter but still increased by \$0.31/SF to \$8.31/SF over the last 12 months. Year over year, warehouse/distribution averages increased by \$0.41/SF to \$8.24/SF, a new record high. Although rents have reached record levels, they remain well below those in Miami's neighbors to the north. Notably, there is 2.0 million square feet of construction currently underway with over 55.0% already spoken for. There is another 1.0 million plus projected to break ground over the next 12 months as developers remain bullish on Miami.

### LEASING AND DEMAND

Leasing activity in the second quarter was consistent from the previous quarter with 184 transactions totaling 2.1 million square feet, combining for 4.7 million square feet of transactions posted in the first half of 2020. This was a noticeable difference from the 6.3 million square feet leased from one year ago and can be attributed to the decline in smaller lease deals below 20,000 square feet. Warehouse/distribution space dominated with 4.1 million square feet of transactions, while the general industrial segment trailed with 550,000 square feet of deal activity. R&D/flex space continued to lag with only 63,000 square feet leased so far this year. The retail/wholesale sector accounted for approximately 1.4 million square feet of midsize to large lease transactions, while the logistics and distribution industry followed with 535,000 square feet leased. Surprisingly, leisure and hospitality moved into the third spot, posting 229,000 square feet of leases transacted despite significant impacts to the industry from the sudden economic downturn from the COVID-19 pandemic. The Medley submarket led in larger lease deals with over 875,000 square feet signed, while the Airport West submarket followed closely with 718,000 square feet leased.

### INVESTMENT SALES

Sales activity dipped slightly from recent quarter performances with three sales totaling 288,000 square feet for a combined value of \$38.5 million sold during first-quarter 2020. Year-to-date activity also ticked downward to 751,000 square feet from the 869,000 square feet that sold last year at this time. The average sales price ticked up to \$144/SF from \$123/SF one year ago.

## CURRENT CONDITIONS

Miami's industrial sector saw net absorption increase by over 25.0% from the midyear point one year ago.

Over 1.1 million square feet was delivered during second-quarter of 2020 with another 2.0 million square feet currently underway.

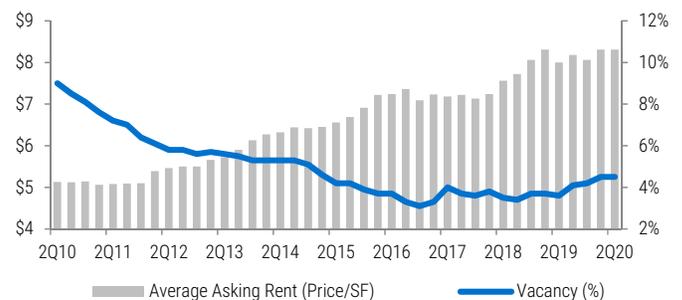
Vacancy rates remained level from the previous quarter but increased from one year ago as a result of new inventory being delivered.

1.8 million square feet of net absorption is slated to occur with the future delivery of Home Depot and Amazon's larger distribution and sortation facilities.

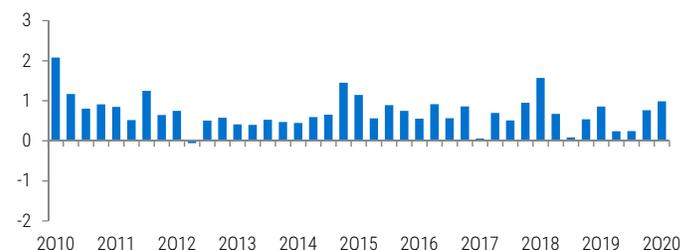
Miami continues to dominate midsize and large lease deals throughout South Florida with approximately 60.0% of the all deals over 20,000 square feet occurring in Miami-Dade County.

## MARKET ANALYSIS

### Asking Rent and Availability



### Net Absorption (SF, Millions)



## MARKET SUMMARY

|                          | Current Quarter | Prior Quarter | Year Ago Period | 12-Month Forecast |
|--------------------------|-----------------|---------------|-----------------|-------------------|
| Total Inventory          | 220.2 MSF       | 219.1 MSF     | 215.9 MSF       | ↑                 |
| Vacancy Rate             | 4.5%            | 4.5%          | 3.7%            | ↑                 |
| Quarterly Net Absorption | 984,938         | 761,331       | 855,973         | ↔                 |
| Average Asking Rent      | \$8.31          | \$8.31        | \$8.00          | ↔                 |
| Under Construction       | 2.0 MSF         | 2.0 MSF       | 4.0 MSF         | ↓                 |
| Deliveries               | 1.1 MSF         | 1.4 MSF       | 668,214         | ↔                 |

### MIAMI 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) |
|---------------------------------|----------------------|-------------------------|--------------------|---------------------|---------------------|--------------------------------|---------------------------------|------------------------------|
| Airport East/Central Miami-Dade | 28,230,624           | 0                       | 4.9 %              | 4,256               | 179,104             | \$9.89                         | \$9.63                          | \$11.81                      |
| Airport West                    | 70,046,885           | 181,533                 | 3.6 %              | 73,602              | 320,585             | \$8.20                         | \$12.57                         | \$8.89                       |
| Hialeah/Hialeah Gardens         | 32,600,922           | 1,516,688               | 3.0 %              | 355,902             | 701,338             | \$7.43                         | \$10.20                         | \$6.92                       |
| Medley                          | 28,049,080           | 310,838                 | 5.1 %              | 538,748             | 446,430             | \$7.23                         | \$10.60                         | \$6.87                       |
| Miami Lakes                     | 6,058,313            | 0                       | 5.1 %              | 3,000               | -19,644             | \$7.54                         | \$12.31                         | \$6.84                       |
| N Central Miami                 | 27,675,834           | 0                       | 10.0 %             | -2,462              | -31,058             | \$8.11                         | \$13.36                         | \$7.77                       |
| Northeast Miami-Dade            | 10,021,550           | 0                       | 3.0 %              | 4,999               | 1,672               | \$9.54                         | \$11.40                         | \$11.00                      |
| South Miami-Dade                | 17,528,722           | 0                       | 1.3 %              | 6,893               | 147,842             | \$10.14                        | \$11.67                         | \$10.51                      |
| <b>Totals</b>                   | <b>220,211,930</b>   | <b>2,009,059</b>        | <b>4.5 %</b>       | <b>984,938</b>      | <b>1,746,269</b>    | <b>\$8.02</b>                  | <b>\$12.22</b>                  | <b>\$8.31</b>                |

### MIAMI LEASE/USER TRANSACTIONS

| Tenant                 | Building   | Submarket               | Type    | Square Feet |
|------------------------|--|-------------------------|---------|-------------|
| Amazon                 | Prologis Distribution Ctr #36                      | Airport West            | Direct  | 216,000     |
| Amazon                 | 5700 NW 37 <sup>th</sup> Ave                       | Hialeah/Hialeah Gardens | Direct  | 211,000     |
| ECU Worldwide          | 2401 NW 69 <sup>th</sup> St                        | Airport East            | Renewal | 164,432     |
| Caterpillar            | Eastivew Com Ctr 5-2405 NW 116 <sup>th</sup> Ave   | N Central Miami         | Direct  | 115,000     |
| NOVO Health Sollutions | Bridge Pont Com Ctr A-4310 NW 215 <sup>th</sup> St | N Central Miami         | Direct  | 80,373      |

### SELECT SALE TRANSACTIONS

| Building  | Submarket               | Sale Price   | Price/SF | Square Feet |
|---|-------------------------|--------------|----------|-------------|
| Greene Dist Ctr-12401 NW 38 <sup>th</sup> Ave                 | North Central Miami     | \$26,000,000 | \$166    | 157,000     |
| Hughes Supply Portfolio-10800 & 10810 NW 92 <sup>nd</sup> Ter | Medley                  | \$26,900,000 | \$214    | 125,910     |
| 7400 NW 37 <sup>th</sup> Ave                                  | Hialeah/Hialeah Gardens | \$7,550,000  | \$71     | 106,000     |
| 6501 NW 37 <sup>th</sup> Ave                                  | Hialeah/Hialeah Gardens | \$7,600,000  | \$100    | 76,227      |

## BROWARD

The Broward County industrial market continued its streak of the most consecutive quarters of demand growth in South Florida, starting from third-quarter 2011. Over 316,000 square feet of industrial space was absorbed for the second quarter, bringing the year-to-date total to over 702,000 square feet. This was a 45.0% increase from the midyear point one year ago. Although demand grew, construction completions increased the vacancy rate by 100 basis points over the past 12 months to 5.4%. Four new buildings delivered more than 650,000 square feet of new industrial space during the first half of 2020, combining with another 12 buildings that have delivered more than 1.4 million square feet since the close of second-quarter 2019. Warehouse/distribution space led the market with more than 926,000 square feet of positive absorption. The general industrial segment saw supply outpace demand with 132,000 square feet of negative absorption, while the R&D/flex sector also saw a slight correction with 92,000 square feet returned to the market. The overall weighted average asking rental rate increased slightly by \$0.31/SF year over year to \$9.60/SF. The warehouse/distribution sector increased from \$8.28/SF to \$9.03/SF, as a result from new available inventory. Asking rents will likely hold steady over the next 12 months, as the industrial sector tends to be the last commercial industry to feel the impacts of an economic slowdown. It took four quarters during the previous downturn caused by the financial crisis before landlords began to ease on asking rents. Another 1.7 million square feet remained under construction; with only 13.0% pre-leased, new available inventory could keep average rates higher.

### LEASING AND DEMAND

Leasing activity saw slight improvements from the previous quarter with 154 transactions totaling 1.3 million square feet, bringing overall transactions to more than 2.4 million square feet leased in the first half of 2019. This was up 12.5% from the 2.2 million square feet leased at this time last year. The warehouse/distribution segment overshadowed all others with 2.0 million square feet, while general industrial space trailed with 358,000 square feet. R&D/flex deals remained limited, totaling a meager 83,000 square feet. There were 29 mid-to large-sized lease deals that took place, comprising over 1.5 million square feet. This was 33.8% of the 4.5 million square feet of larger transactions in the region. Retail/wholesale companies signed most of the mid- to larger-sized lease deals at the midyear point, totaling 720,000 square feet. The logistics and distribution industry held the number-two spot with 263,000 square feet, while the manufacturing segment moved into third place with 127,000 square feet leased. The Southwest submarket dominated larger lease deals with over 663,000 square feet signed at the midyear point.

### INVESTMENT SALES

Investment sales held level from first-quarter 2020, as two deals totaling 212,000 square feet sold for \$16.6 million. Investment transactions fell sharply to 425,000 square feet from the 2.2 million square feet sold during the same period last year. The limited activity impacted the average price per square foot, dropping from \$129/SF one year ago to \$104/SF.

## CURRENT CONDITIONS

Net absorption grew by almost half from one year ago as companies occupied more space during the first-half of 2020.

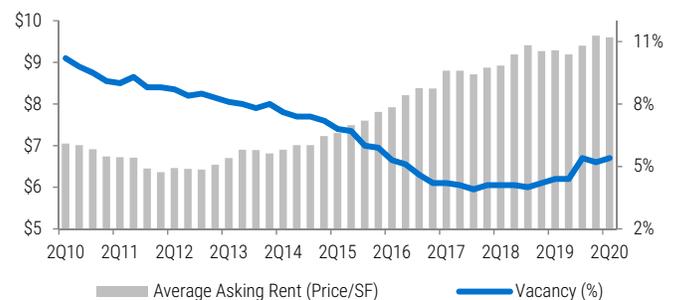
Construction activity continued to pick up from one year ago and first-quarter of 2020, as developers remain confident in the industrial sector.

Over 1.5 million square feet of midsize to large lease deals took place at the close of second-quarter 2020 with the Southwest Submarket contributing over 43.2% of transaction activity.

Asking rents ticked downward from the previous quarter as secondary space had more of an impact, but the average still grew from one year ago. Rates should hold level through 2021 as new industrial inventory is delivered.

## MARKET ANALYSIS

### Asking Rent and Availability



### Net Absorption (SF, 100,000)



## MARKET SUMMARY

|                          | Current Quarter | Prior Quarter | Year Ago Period | 12-Month Forecast |
|--------------------------|-----------------|---------------|-----------------|-------------------|
| Total Inventory          | 109.4 MSF       | 108.8 MSF     | 106.7 MSF       | ↑                 |
| Vacancy Rate             | 5.4%            | 5.2%          | 4.4%            | ↑                 |
| Quarterly Net Absorption | 316,338         | 386,186       | 94,216          | ↔                 |
| Average Asking Rent      | \$9.60          | \$9.64        | \$9.29          | ↔                 |
| Under Construction       | 1.7 MSF         | 1.4 MSF       | 1.6 MSF         | ↓                 |
| Deliveries               | 534,727         | 115,740       | 623,345         | ↔                 |

**FORT LAUDERDALE / BROWARD COUNTY 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) |
|-------------------|----------------------|-------------------------|--------------------|---------------------|---------------------|--------------------------------|---------------------------------|------------------------------|
| Central Broward   | 17,448,750           | 366,166                 | 3.7 %              | 170,145             | 173,340             | \$9.49                         | \$9.68                          | \$9.42                       |
| Coral Springs     | 5,299,852            | 220,356                 | 2.0 %              | 98,939              | 165,935             | \$9.88                         | \$10.50                         | \$7.78                       |
| Northeast Broward | 10,141,800           | 0                       | 8.1 %              | -61,276             | -269,432            | \$9.94                         | \$13.71                         | \$10.38                      |
| Pompano Beach     | 26,768,329           | 0                       | 4.8 %              | -24,288             | 94,978              | \$9.69                         | \$10.93                         | \$9.03                       |
| Southeast Broward | 24,789,393           | 0                       | 4.8 %              | 28,027              | -65,690             | \$8.78                         | \$15.20                         | \$10.09                      |
| Southwest Broward | 16,716,802           | 725,918                 | 8.9 %              | 137,654             | 606,397             | \$8.64                         | \$10.24                         | \$9.80                       |
| West Sunrise      | 8,200,044            | 391,231                 | 4.4 %              | -32,863             | -3,004              | \$8.31                         | \$10.71                         | \$9.04                       |
| <b>Totals</b>     | <b>109,364,970</b>   | <b>1,703,671</b>        | <b>5.4 %</b>       | <b>316,338</b>      | <b>702,524</b>      | <b>\$9.03</b>                  | <b>\$11.01</b>                  | <b>\$9.60</b>                |

**FORT LAUDERDALE LEASE/USER TRANSACTIONS**

| Tenant                | Building                               | Submarket         | Type    | Square Feet |
|-----------------------|--|-------------------|---------|-------------|
| Amazon                | 2800 N Andrews Ave Ext                 | Pompano Beach     | Direct  | 252,000     |
| KeHe Distributors     | Meridian Bus Campus-3225 Meridian Pkwy | Southwest Broward | Renewal | 202,000     |
| Brandy Melville       | Miramar Pk of Com-9801 Premier Pky     | Southwest Broward | Direct  | 112,000     |
| Renew Life Holdings   | East Davie Com Ctr-2405 College Ave    | Central Broward   | Direct  | 56,000      |
| Simply Reliable Power | Miramar Pk of Com 10-10101 Business Dr | Southwest Broward | Direct  | 49,000      |

**SELECT SALE TRANSACTIONS**

| Building                                     | Submarket     | Sale Price  | Price/SF | Square Feet |
|--|---------------|-------------|----------|-------------|
| Corp Pk of Coral Springs-3900 Coral Ridge Dr | Coral Springs | \$7,150,000 | \$89     | 80,718      |
| 601 NW 12 <sup>th</sup> Ave                  | Pompano Beach | \$4,792,500 | \$62     | 77,265      |
| 1593 Banks Road                              | Coral Springs | \$4,650,000 | \$85     | 54,400      |

## PALM BEACH

Industrial space saw an uptick in growth after a balanced approach between supply and demand during the previous quarter. Over 118,000 square feet of positive absorption recorded during second-quarter 2020; combined for almost 150,000 square feet of absorbed space for the first half of the year. This was an improvement from the negative net absorption recorded one year ago and for all of 2019. Warehouse/distribution space saw 165,000 square feet absorbed, while general industrial and R&D/flex saw minimal supply returned to the market. R&D/flex space saw demand just outpace supply with approximately 8,000 square feet of absorbed space. Overall vacancy ticked upward from the previous quarter and 80 basis points from the 4.1% this time last year. Disciplined delivery of speculative industrial space that began six years ago continued with one building totaling just over 146,000 square feet delivered year-to-date. Notably, almost 1.0 million square feet of new construction is underway; with no pre-leasing as of yet, these buildings may begin to push vacancy upward as they are delivered over the next year.

The market saw overall average asking rate hold firm, only seeing a slight increase to \$9.74/SF from \$9.68/SF recorded one year ago. The warehouse/distribution average rent saw the largest increase, from \$7.93/SF to \$8.68/SF, while general industrial rents decreased by \$0.74/SF to \$8.98/SF as secondary and lower-tier available space hindered rent growth. R&D/flex average rents saw a modest increase from \$11.86/SF to \$12.14/SF. Landlords will likely keep asking rents level over the next year as an influx of new inventory is delivered, while demand has remained modest.

## LEASING AND DEMAND

Leasing activity fell by half from the previous first-quarter performance, as 97 transactions totaling over 328,000 square feet were recorded. This brought year-to-date deals to more than 1.0 million square feet. This was down slightly from the 1.3 million square feet recorded this time last year. Warehouse/distribution space contributed 834,000 square feet, followed by general industrial with 157,000 square feet. The R&D/flex segment continued to trail sharply with 26,000 square feet. The majority of activity came from local companies, as renewals and lateral relocations still dominated deals. Only four transactions greater than 20,000 square feet took place in the first half of 2020. The equipment and machinery segment signed for over 152,000 square feet, while retail/wholesale companies signed for 114,000 square feet. The home and building supply rounded out the top three with over 63,000 square feet leased.

## INVESTMENT SALES

Three sales totaling 373,000 square feet occurred during the second quarter, which was enough to tie Miami-Dade for the top spot of year-to-date sales totaling 753,000 square feet, for a combined total of \$126.6 million. Two flex investment sales impacted the average price per square foot, which increased from \$79/SF from \$168/SF from one year ago. Notably, warehouse/distribution properties sold at an average that was closer to \$115/SF for the first half of 2020 and was up from the \$100/SF average from one year ago.

## CURRENT CONDITIONS

Palm Beach's industrial market saw its strongest quarter of growth in two years and after supply outpaced demand in 2019.

Vacancy ticked upward in spite of positive net absorption and can be attributed to one construction completion.

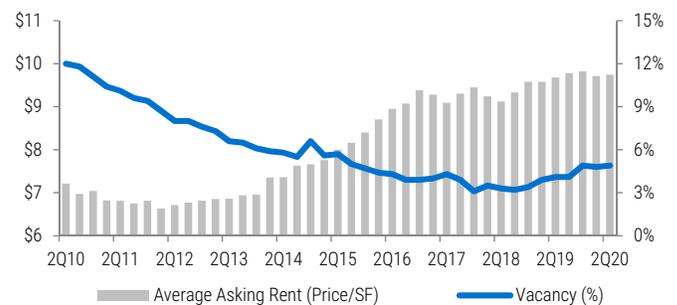
Vacancy will likely tick upward as new buildings are delivered over the next twelve months and no preleasing activity has taken place at the close of second-quarter 2020.

Average asking rates held level from the previous quarter and one year ago as this trend should continue through 2021.

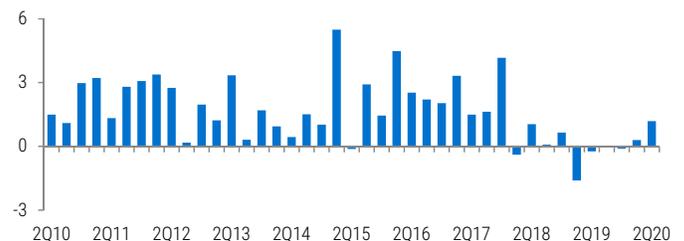
Over 358,500 square feet of midsize to large lease deals occurred during the first half of the year and all occurred in the North Central and North County submarkets.

## MARKET ANALYSIS

### Asking Rent and Availability



### Net Absorption (SF, 100,000)



## MARKET SUMMARY

|                          | Current Quarter | Prior Quarter | Year Ago Period | 12-Month Forecast |
|--------------------------|-----------------|---------------|-----------------|-------------------|
| Total Inventory          | 48.9 MSF        | 48.7 MSF      | 48.4 MSF        | ↑                 |
| Vacancy Rate             | 4.9%            | 4.8%          | 4.1%            | ↑                 |
| Quarterly Net Absorption | 118,782         | 29,167        | (23,839)        | ↓                 |
| Average Asking Rent      | \$9.74          | \$9.71        | \$9.68          | ↔                 |
| Under Construction       | 992,471         | 1.1 MSF       | 407,653         | ↓                 |
| Deliveries               | 146,253         | 0             | 77,870          | ↑                 |

**PALM BEACH MARKET 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    | 8,541,199            | 0                       | 4.8 %              | -15,093             | 41,642              | \$12.46                        | \$14.96                         | \$13.80                      |
| North Central | 24,981,656           | 866,971                 | 4.0 %              | -50,704             | -97,477             | \$8.46                         | \$9.86                          | \$8.75                       |
| North County  | 4,383,529            | 0                       | 11.3 %             | 145,233             | 145,509             | \$7.96                         | \$12.54                         | \$9.02                       |
| South Central | 10,943,725           | 125,500                 | 4.3 %              | 39,346              | 58,275              | \$7.65                         | \$9.80                          | \$8.72                       |
| <b>Totals</b> | <b>48,850,109</b>    | <b>992,471</b>          | <b>4.9 %</b>       | <b>118,782</b>      | <b>147,949</b>      | <b>\$8.68</b>                  | <b>\$12.14</b>                  | <b>\$9.74</b>                |

**PALM BEACH LEASE/USER TRANSACTIONS**

| Tenant          | Building   | Submarket     | Type    | Square Feet |
|-----------------|--|---------------|---------|-------------|
| Millwork Sales  | Southern Mills Bus Pk 1-700 103 <sup>rd</sup> St | North Central | Renewal | 152,390     |
| Lockheed Martin | Northpoint Corp Pk-1400 Northpoint Pky           | North Central | Renewal | 29,000      |
| Cavastone       | 1377 Clint Moore Rd                              | Boca Raton    | Direct  | 17,835      |

**SELECT SALE TRANSACTIONS**

| Building  | Submarket     | Sale Price   | Price/SF | Square Feet |
|---|---------------|--------------|----------|-------------|
| Tyco Building-6600 Congress Ave-Flex Building   | Boca Raton    | \$51,011,000 | \$229    | 222,380     |
| Lewis Terminals Ind Pk 2-1177 W Blue Heron Blvd | North Central | \$18,350,000 | \$122    | 151,008     |

## SOUTH FLORIDA INDUSTRIAL SUBMARKETS

### SOUTH FLORIDA

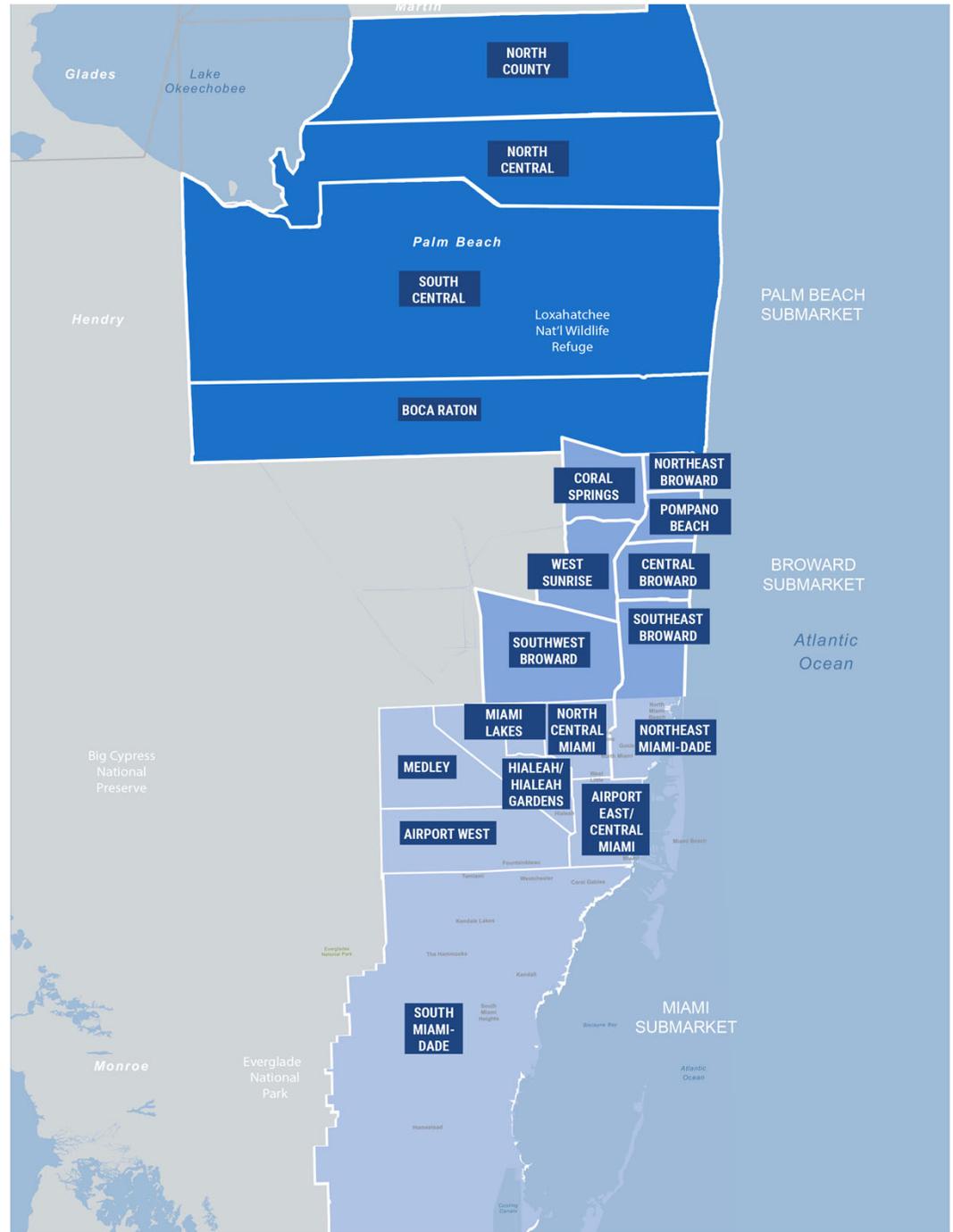
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Newmark Knight Frank has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Knight Frank Research Reports are available at [www.ngkf.com/research](http://www.ngkf.com/research)

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