



# 4Q12 PALM BEACH INDUSTRIAL MARKET

**Newmark Grubb Knight Frank**

## MARKET HEALING CONTINUED WITH HEALTHY 2012 SHOWING

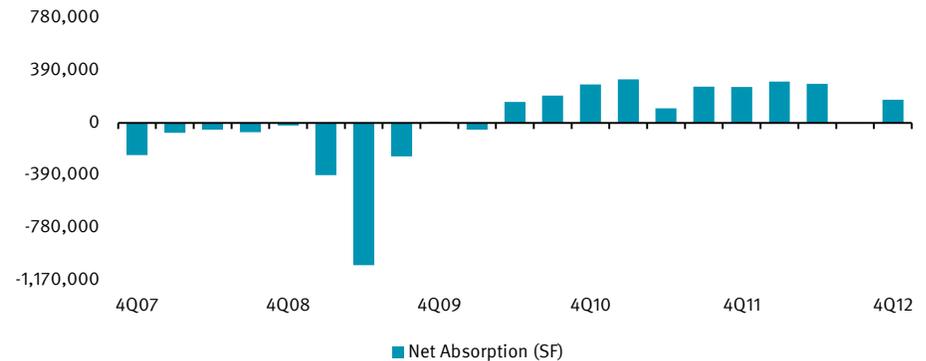
Palm Beach's industrial sector pushed forward despite signals of a slowing national economy. Demand growth totaled 765,000 square feet of occupancy gains during 2012, just under the 970,000 square feet of absorption posted in 2011. As a result, the vacancy rate fell 60 basis points below the 9.2% rate recorded at the close of 2011. Warehouse/distribution space dominated demand in the county with over 314,000 square feet absorbed, while general industrial followed closely with 267,000 square feet of space. Research and development/flex space also posted 182,000 square feet of tenancy gains.

Major deals within the market included Suncrest Supply, Inc.'s downsizing to about half its size, relocating into 69,500 square feet at 1701 Australian Avenue. Fortunately for the market, mid-sized deals like Architectural Testing, Inc.'s expansion into 24,382 square feet at 2656 Electronics Way and Saxon Archives, Inc.'s relocation and expansion by 23,000 square feet in the North Central submarket helped negate inventory that came back to the market. The majority of deals continued to come from existing tenants in the market as expansions, renewals and relocations led activity. An uptick in mid-sized and smaller tenants less than 5,000 square feet was a promising sign that smaller companies increased their space needs toward the close of the year.

**Asking Rent and Vacancy**



**Absorption**



Key Indicators			
Total Inventory (SF)		46,078,926	
	<b>4Q12</b>	<b>3Q12</b>	<b>4Q11</b>
Asking Rent (Price/SF)	\$6.13	\$6.02	\$6.28
Vacancy Rate (%)	8.0%	8.3%	9.6%
Under Construction (SF)	0	0	0
	<b>4Q12</b>	<b>3Q12</b>	<b>2012 Total</b>
Net Absorption (SF)	171,652	-5,842	765,339
Deliveries (SF)	0	0	0

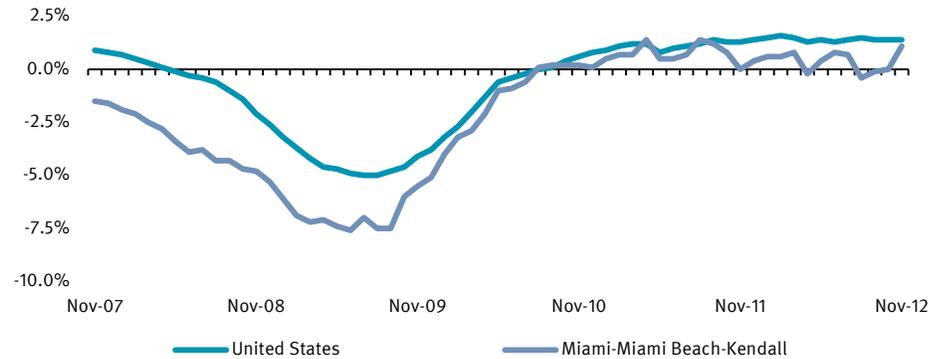
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Although recovery appeared to have slowed slightly in 2012, momentum will rebuild toward the second half of 2013. Diminishing amounts of available space will continue to translate into market improvements and vacancies will see steady decreases next year. Demand will remain steady as no major retractions are likely to occur. Quoted rents are projected to be flat as landlords hold off on increasing asking rates while discontinuing decreases as well.

## Payroll Employment

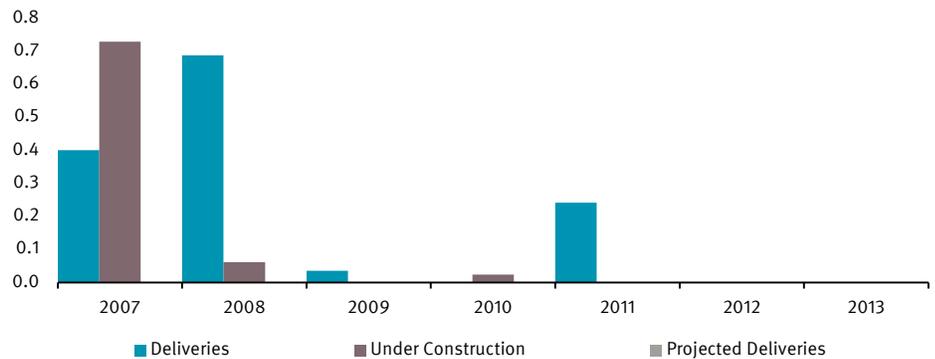
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

## Construction and Deliveries

Square Feet, millions



## Select Lease Transactions

Tenant	Address	Submarket	Square Feet
InBound Call Experts	700 Banyan Trl	Boca Raton	26,521
Sun-Sentinel Company	4935 Park Ridge Blvd	South Central	22,735
George's Music	7830 Byron Dr	North Central	15,940
Epic Gymnastics	4390 Westworlds Dr	North Central	10,000

## Select Sales Transactions

Address	Submarket	Square Feet	Sale Price	Price/SF
5058 Forest Hill Blvd	North Central	101,542	\$5,810,000	\$57
516 Monceaux Rd	North Central	73,465	\$4,457,730	\$61
330 Business Pkwy	North Central	44,342	\$3,425,000	\$77
1300-1370 Industrial Ave	South Central	80,840	\$3,053,350	\$38
2700 Quantam Blvd	South Central	33,088	\$2,125,000	\$64
230 Truck and Trailer Way	North Central	39,588	\$2,000,000	\$51



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 Direct Asking Rent (Price/SF)
Boca Raton	8,755,553	0	7.9%	33,291	130,482	\$7.20	\$10.11	\$7.89
North Central	23,146,728	0	7.9%	142,387	263,517	\$4.54	\$7.11	\$5.36
North County	3,743,688	0	9.0%	5,023	69,310	\$10.30	\$10.33	\$6.14
South Central	10,432,957	0	7.9%	-9,049	302,030	\$6.93	\$8.30	\$6.71
<b>Palm Beach</b>	<b>46,078,926</b>	<b>0</b>	<b>8.0%</b>	<b>171,652</b>	<b>765,339</b>	<b>\$5.85</b>	<b>\$8.74</b>	<b>\$6.13</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 the 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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