



# 2Q13 PALM BEACH INDUSTRIAL MARKET

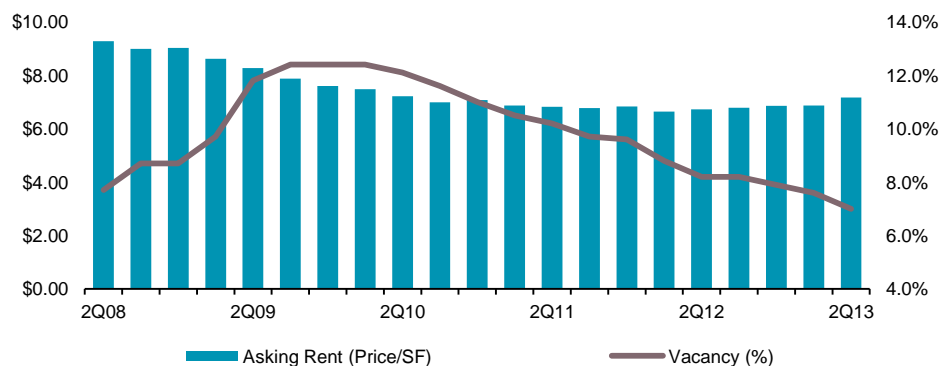
**Newmark Grubb Knight Frank**

## HEALTHY GAINS FUEL MOMENTUM

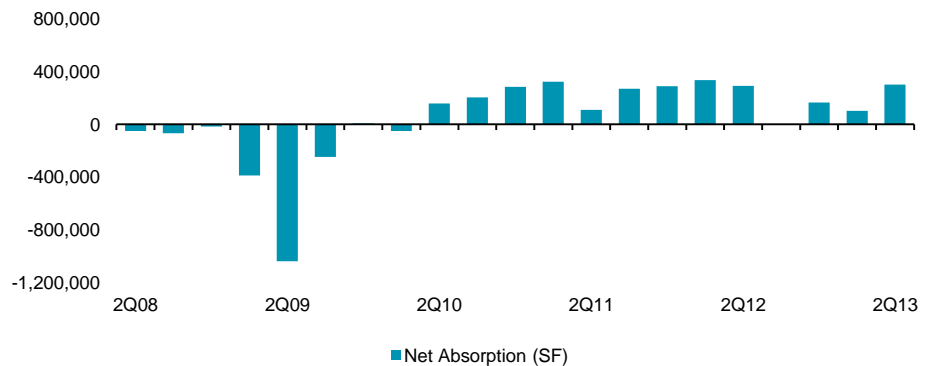
Despite widespread discussion concerning slowing international economies, Palm Beach's industrial market reported another strong quarter. Positive net absorption of almost 300,000 square feet pushed the vacancy rate down 60 basis points from the first quarter and 120 basis points lower than the 8.2% rate recorded a year ago. Demand has outpaced supply 12 of the last 13 quarters, which has resulted in the lowest vacancy level recorded since the fourth quarter of 2007. The market's strategic location between Central and South Florida, coupled with the disciplined development of speculative industrial inventory, have been key factors to the stabilization.

The majority of significant second quarter transactions came from expansions and relocations. This coupled with a decrease in space returns helped the county record the highest absorption in South Florida. Solar Tech Universal, a New York-based technology company, expanded its operations with a 75,000-square-foot facility at 1800 Old Dixie Highway at Lewis Terminals in Riviera Beach. Ventex Technology moved into 23,660 square feet at 1201 The Pointe in the North County submarket. In Boca Raton, Rising Stars Gymnastics occupied 14,800 square feet at 6500 West Rogers Circle while Power Source Distributors moved into 14,053 square feet at 2855 South Congress Ave.

**Asking Rent and Vacancy**



**Absorption**



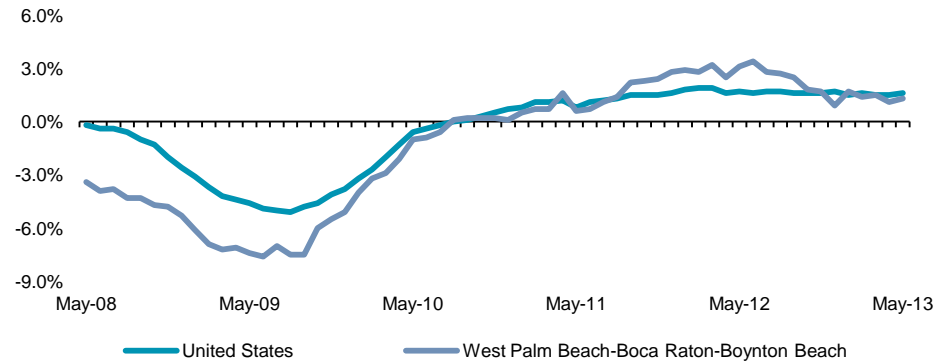
Key Indicators			
Total Inventory (SF)			46,074,166
Asking Rent (Price/SF)	2Q13	1Q13	2Q12
	\$7.16	\$6.87	\$6.72
Vacancy Rate (%)	7.0%	7.6%	8.2%
Under Construction (SF)	0	0	0
Net Absorption (SF)	2Q13	1Q13	YTD
	299,801	101,005	400,806
Deliveries (SF)	0	0	0



The direct weighted asking rate experienced a slight uptick of \$0.29/sf from the rate recorded last quarter and \$0.44 from the \$6.72/sf, triple net rate recorded a year ago. This was the fifth consecutive quarterly increase in the average rate – further evidence that rents will increase as long as vacancies remain below 10%. Continued demand is expected to push vacancy down further. As market conditions tighten over the next year, landlords will continue to take advantage of decreased space availabilities. Asking rents will likely climb upward as the pendulum swings in landlords' favor.

### 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
TravelPro	6400 Park of Commerce	Boca Raton	22,610
Symmetrical Stair & Door	151 Commerce Rd	South Central	19,000
Fitnessmith	3602-3630 Quantum Blvd	South Central	17,820
The Parts House	1500 N Florida Mango Rd	North Central	14,432

### Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
3030 SW 13th Pl	South Central	33,900	\$1,550,000	\$46
3750 Prospect Ave	North Central	22,346	\$1,350,000	\$60



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	8,755,553	0	7.3%	41,668	55,719	\$6.28	\$11.56	\$10.32
North Central	23,146,728	0	7.1%	82,487	173,284	\$4.35	\$7.14	\$5.52
North County	3,743,688	0	6.8%	47,794	56,366	\$13.03	\$10.12	\$9.08
South Central	10,428,197	0	6.6%	127,852	115,437	\$6.98	\$8.73	\$7.25
<b>Palm Beach</b>	<b>46,074,166</b>	<b>0</b>	<b>7.0%</b>	<b>299,801</b>	<b>400,806</b>	<b>\$5.76</b>	<b>\$9.35</b>	<b>\$7.16</b>



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**Palm Beach County**

1801 N. Military Trail Road  
Suite 202  
Boca Raton, FL 33431  
561.893.6234

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**Eric Messer**

Research Services Manager  
561.893.6234  
emesser@ngkf.com

**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**

Rental rate data refer to space that is available on the market at the end of the quarter. Rates are per square foot, quoted on a triple net basis. Rates for each building are weighted by the amount of available space within the building.

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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