



3Q13 PALM BEACH COUNTY INDUSTRIAL MARKET

Newmark Grubb Knight Frank

LOW VACANCY; IMPROVING RATES... WITH NO DEVELOPMENT IN SIGHT

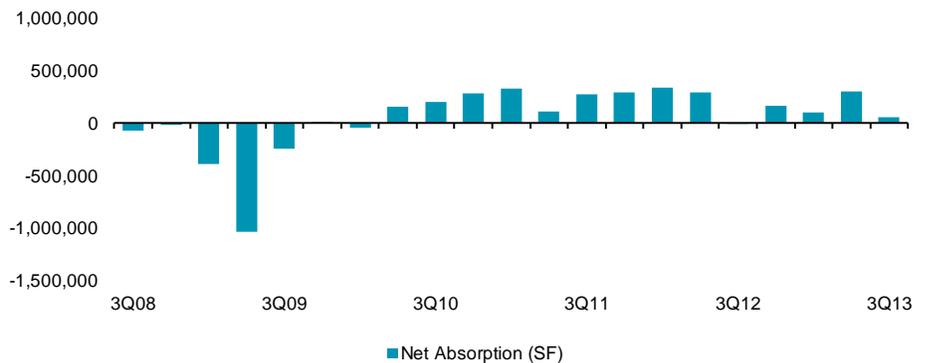
Palm Beach's industrial market saw a decrease in vacancy of 10 basis points during the third quarter to 6.9% – 130 basis points lower than one year ago. The industrial sector has seen steady growth as the County recorded positive net absorption for the 14th consecutive quarter bringing occupancy to its highest level since year-end 2007. The majority of transaction activity continued to be in the form of expansions and relocations as residential-related companies led the charge. Furniture, distribution, home restoration and lawn care companies have dominated recent deal activity. This steady progression has aided the market to swing in favor of landlords as rents continued to rise.

Quoted average rates have steadily increased to the \$7.00/sf – to \$7.25/sf triple net range after hovering in the \$6.75/sf – to \$7.00/sf triple-net range for the past two years. Diminishing space opportunities have given owners a stronger hand at the negotiating table. R&D/flex inventory led the market with a \$0.69 rise from the \$8.73/sf triple net rate recorded last year at this time. General industrial space saw a less significant rise of \$0.10 while warehouse/distribution space followed closely with a \$0.09 rise from the \$5.72/sf triple net average quoted at the close of third quarter 2012.

Asking Rent and Vacancy



Absorption



Key Indicators

Total Inventory (SF)			46,051,766
Asking Rent (Price/SF)	3Q12	2Q13	3Q12
	\$7.18	\$7.16	\$6.78
Vacancy Rate (%)	6.9%	7.0%	8.2%
Under Construction (SF)	500,000	0	0
Net Absorption (SF)	3Q12	2Q12	2012-YTD
	52,534	299,801	552,796
Deliveries (SF)	0	0	0

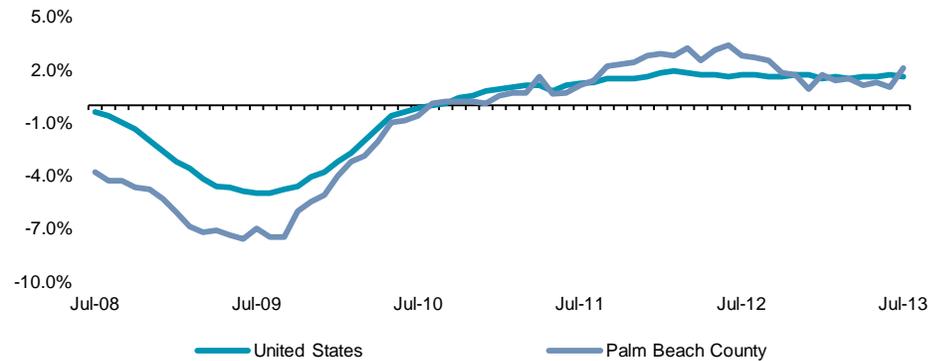


In spite of tight market conditions, developers have yet capitalized on the improved fundamentals in the industrial arena as no speculative projects are currently underway. The only project under construction includes Aldi's 500,000-square-foot distribution center in the North Central submarket and is slated for completion toward the second half of 2014. The disciplined approach to development has aided the recovery but will likely come to an end as limited space opportunities remain.

Activity should remain firm for the remainder of the year with no major shifts in space needs expecting to take place through the first half of 2014. Asking rates should see continued movement upward as low vacancy rates will likely remain low since no speculative construction is projected to be completed by the end of fourth quarter.

Payroll Employment

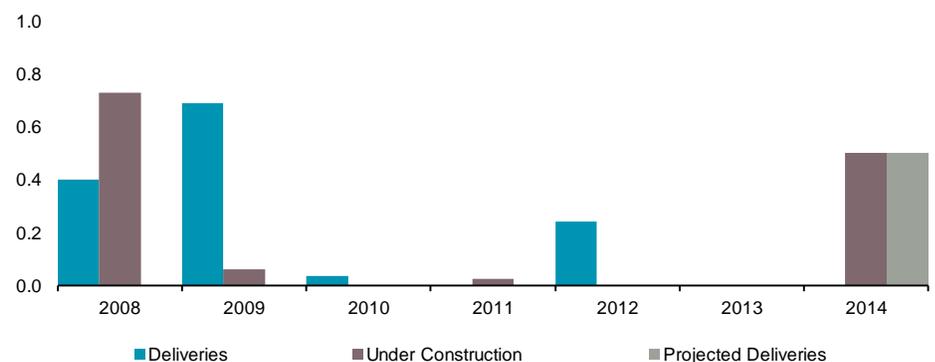
Total Nonfarm, Not Seasonally Adjusted, 12-Month % Change



Source: U.S. Bureau of Labor Statistics

Construction and Deliveries

Square Feet, millions



Select Lease Transactions

Tenant	Building	Submarket	Square Feet
Woodfield Distribution	Boca Distribution Ctr-951 Clint Moore Rd	Boca Raton	48,041
Lawson Industries Inc	Duke Gateway Ctr 7-2017 High Ridge Rd	South Central	30,489
Garden of Life	Mangonia Warehouse-1335 W 53 rd St	North Central	27,290
ITM Importers	Corporate Plaza-4726 NW 2 nd Ave	Boca Raton	18,047
Lennox PartPlus	Duke Airport Ctr 1-1701 Old Okeechobee Rd	North County	17,951
Howard Fertilizer & Chemical	Duke Gateway Ctr 1-High Ridge Rd	South Central	14,851

Select Sales Transactions

Building	Submarket	Square Feet	Sale Price	Price/SF
Northlake BusCtr-1200 Gateway Blvd	North Central	79,934	\$3,166,500	\$40
501 Avenue P	North Central	54,000	\$1,425,000	\$26
Jupiter Pk of Com-1001 Jupiter Pk Rd	North County	52,325	\$4,375,000	\$84
S Congress Ind Ctr-1021 S Rogers Cir	Boca Raton	37,856	\$2,477,000	\$65



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	8,733,153	0	8.2%	-73,411	-17,692	\$6.57	\$11.62	\$10.64
North Central	23,146,728	500,000	6.6%	113,012	286,296	\$4.46	\$6.91	\$5.38
North County	3,743,688	0	6.6%	8,282	64,648	\$12.31	\$10.60	\$9.53
South Central	10,428,197	0	6.6%	4,651	120,088	\$6.75	\$8.36	\$7.07
Totals	46,051,766	0	6.9%	52,534	453,340	\$5.81	\$9.42	\$7.18



Miami

1111 Brickell Avenue
Suite 2000
Miami, FL 33131
305.350.0915

Boca Raton

1801 N. Military Trail
Suite 202
Boca Raton, FL 33431
561.995.5150

Eric Messer

Research 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

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.

Newmark Grubb Knight Frank Research Reports are also available at www.ngkf.com/research

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark Grubb Knight Frank (NGKF) has not verified any such information, and the same constitutes the statements and representations only of the source thereof, and not of NGKF. Any recipient of this publication should independently verify such information and all other information that may be material to any decision that recipient may make in response to this publication, and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial, and tax aspects and implications.

Any recipient of this publication may not, without the prior written approval of NGKF, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains.



Please recycle,
whenever possible

Sustainably

Newmark Grubb Knight Frank