




NEWMARK

Market Overview

Palm Beach Industrial

1Q26



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Market Observations



Economy

- The unemployment rate increased 91 basis points year over year to 4.4%, marking the sixth consecutive month without declining and signaling a modest softening in labor market conditions.
- Job growth slowed to 0.9% annually, outperforming the national rate of 0.1%, while just one of the industrial-using employment reported year over year growth.
- Six of the ten major employment sectors posted job gains over the past year, led by the education and health industry, which recorded a 6.1% increase.
- As of December 2025, industrial-using employment declined 0.2% year over year to 195,130 jobs.



Leasing Market Fundamentals

- Industrial asking rents reached \$13.39/SF during the first quarter of 2026, reflecting an increase year over year and quarter over quarter of 3.4% and 7.5%, respectively.
- Demand in the Palm Beach industrial market outpaced supply in the first quarter, causing the vacancy rate to decline to 8.4%, a 10-basis-points dip quarter over quarter.
- The development pipeline increased by 13.1% quarter over quarter and consists of 685,545 SF, making up 1.5% of the market's total inventory. Additionally, 42.4% of space under construction has been pre-leased, indicating that leasing activity is keeping pace with construction.
- Leasing activity declined in the first quarter of 2026, totaling 517,281 SF and reflecting a 5.4% dip quarter over quarter. Average deal size also decreased by 10.5% year over year, indicating that tenant demand is shifting towards smaller spaces.



Major Transactions

- The quarter's largest transaction was signed by America Tire Distributors, renewing their 124,000-SF lease at the Southern Mills Business Park in the North Central submarket.
- The South Central and North Central submarkets each had two of the quarter's top five deals, indicating the submarkets' desirability for industrial-using tenants.
- Consumer goods users made up the bulk of leasing activity in the first quarter of 2026, marking the third straight quarter in which the sector has made the list of top five leases.



Outlook

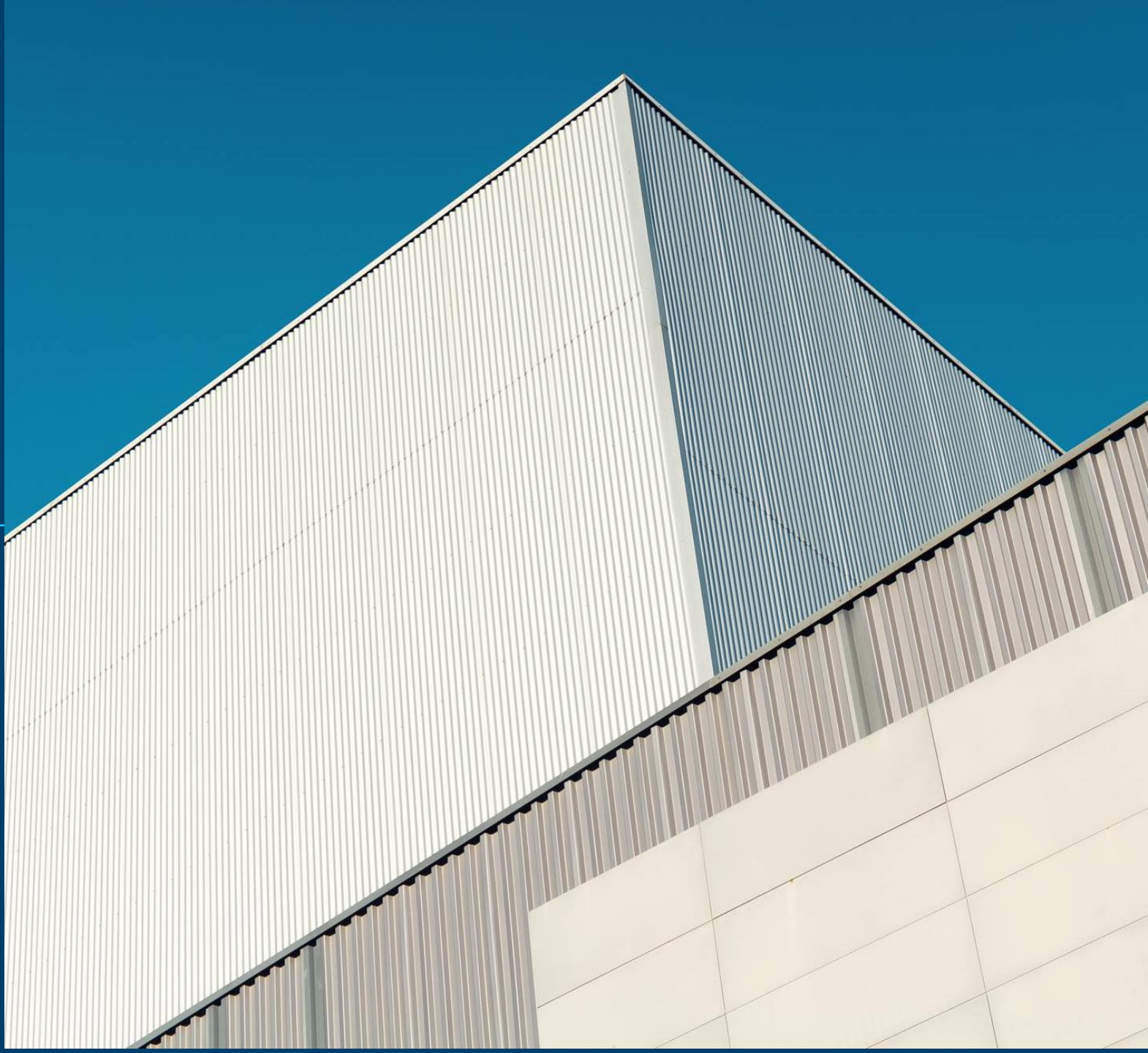
- After reaching a recent high of 9.2% in the third quarter of 2025, two straight quarters of declining vacancy indicate that the market may be stabilizing.
- Rent growth is expected to remain positive in the near term as newly delivered product places upward pressure on rental rates.
- Strong fundamentals in newer, larger industrial facilities is expected to persist as tenants' preference for more modernized facilities continues.

Table of Contents

Economy	4
Leasing Market Fundamentals	8
Market Statistics & Map	20
Supplemental Analysis	24

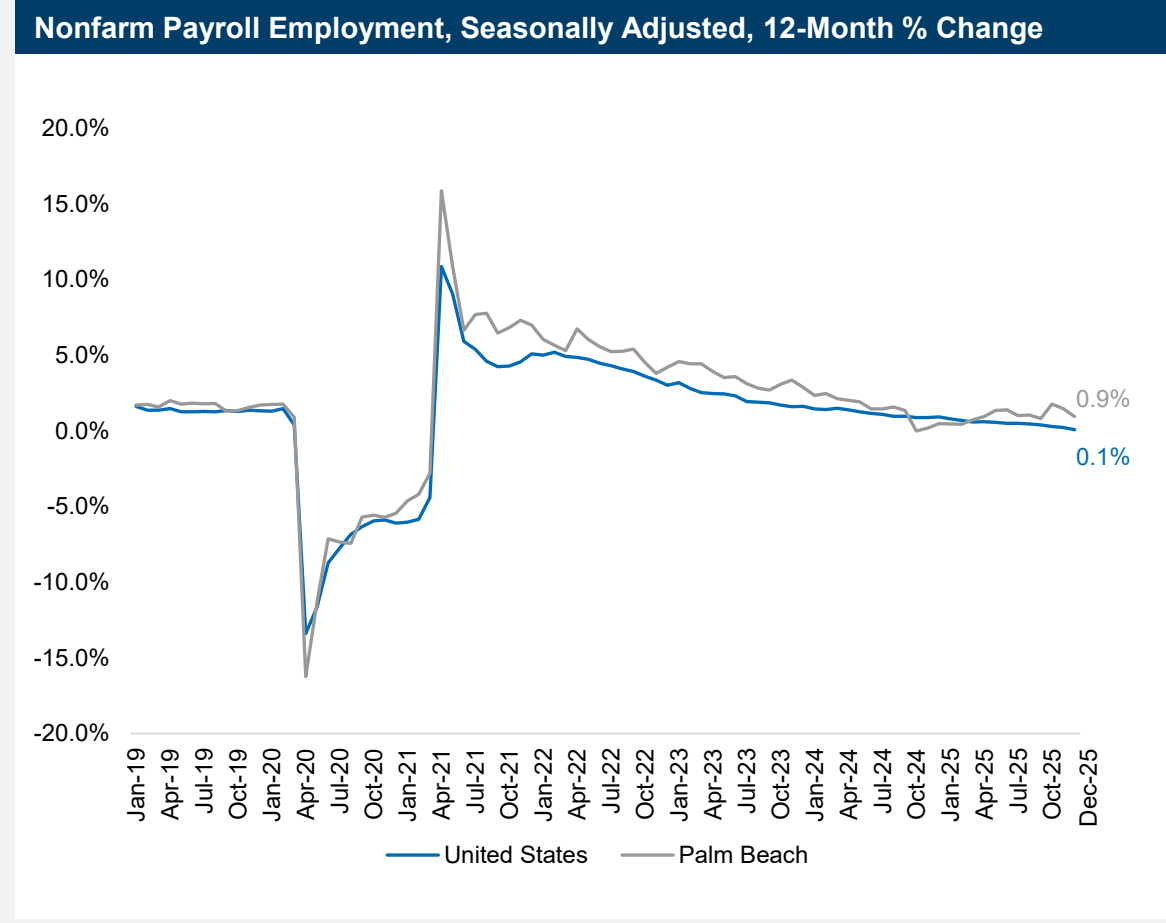
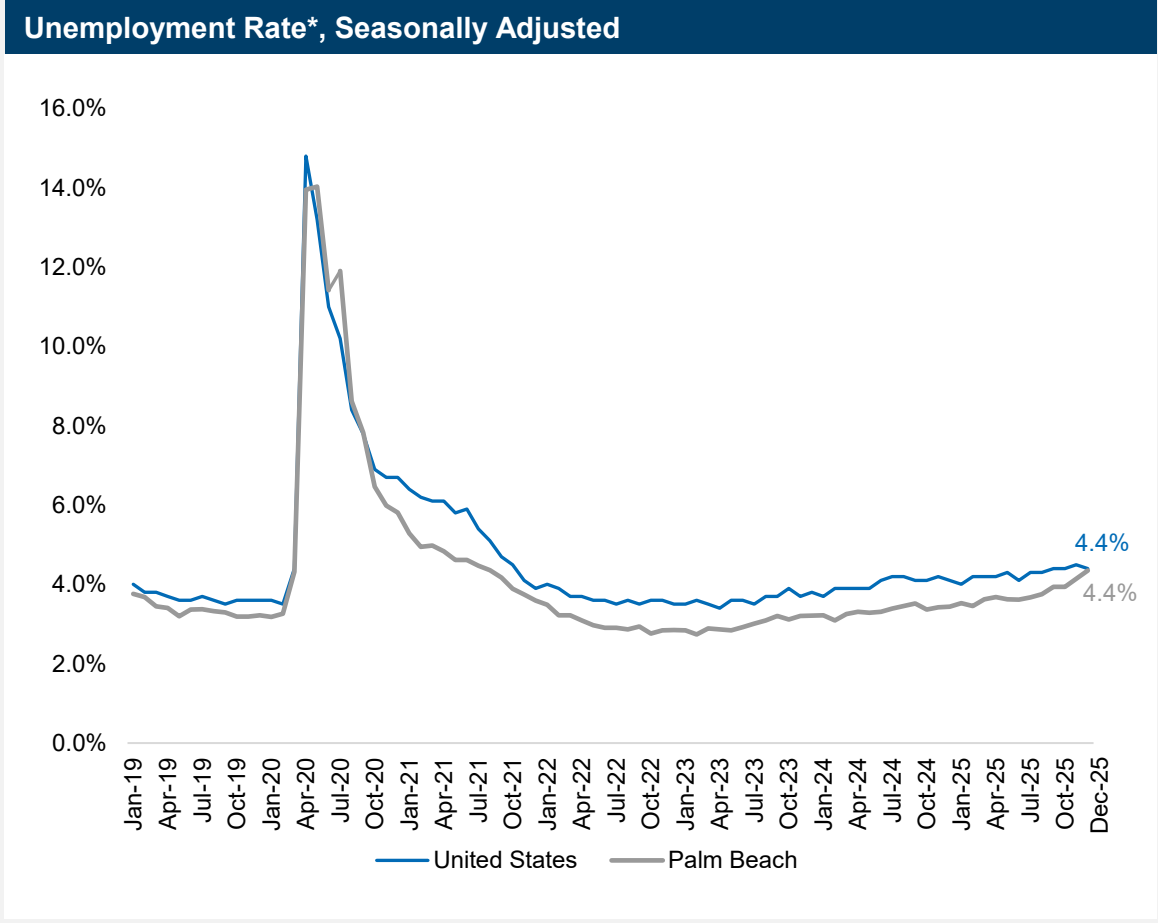
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Economy



Palm Beach Labor Market Outperforms National Average Despite Slowdown

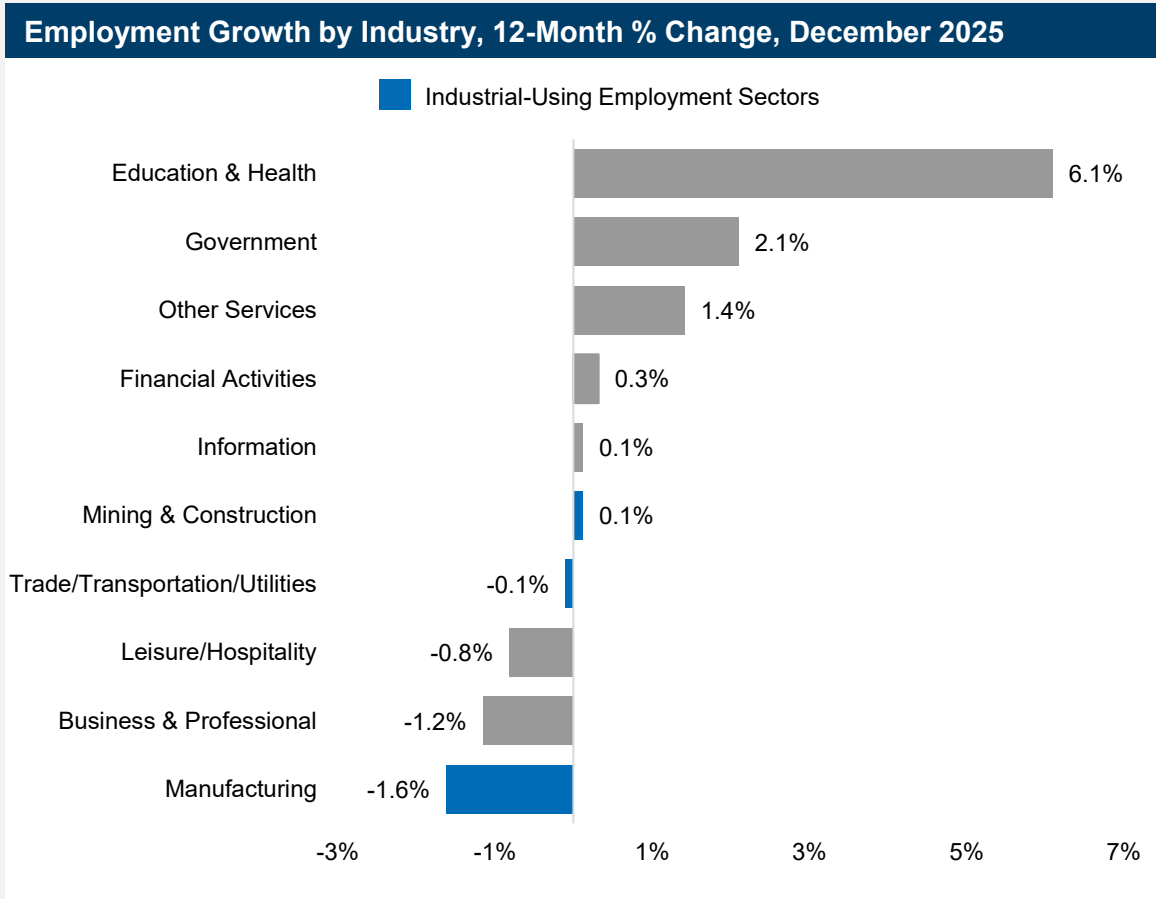
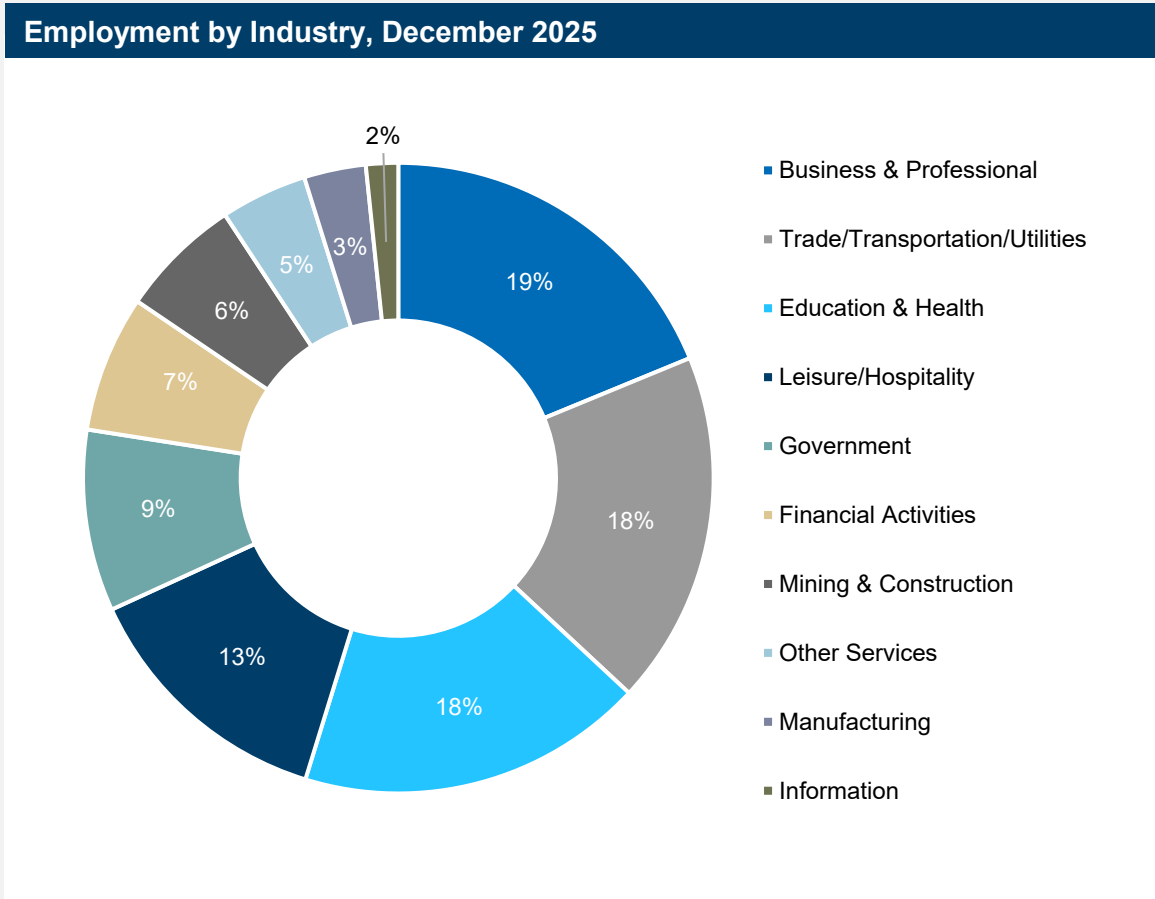
In December 2025, Palm Beach County’s unemployment rate rose 91 basis points year over year to 4.4%, marking the largest annual increase since early 2021 and the sixth consecutive month without a decline. The market is now in line with the national average, with the U.S. unemployment rate up 30 basis points year over year, reflecting a similar upward trend. Despite rising unemployment, annual job growth in Palm Beach County continues to outperform the national average, increasing 0.9% compared to a modest 0.1% nationwide. While employment growth has begun to slow amid broader national headwinds, it has not slowed to the same degree as the U.S. overall, highlighting the market’s relative resilience.



Source: U.S. Bureau of Labor Statistics, Palm Beach County
 *October 2025 government shutdown missing data addressed with duplicating September 2025's data

Annual Industrial-Using Employment Growth Declines

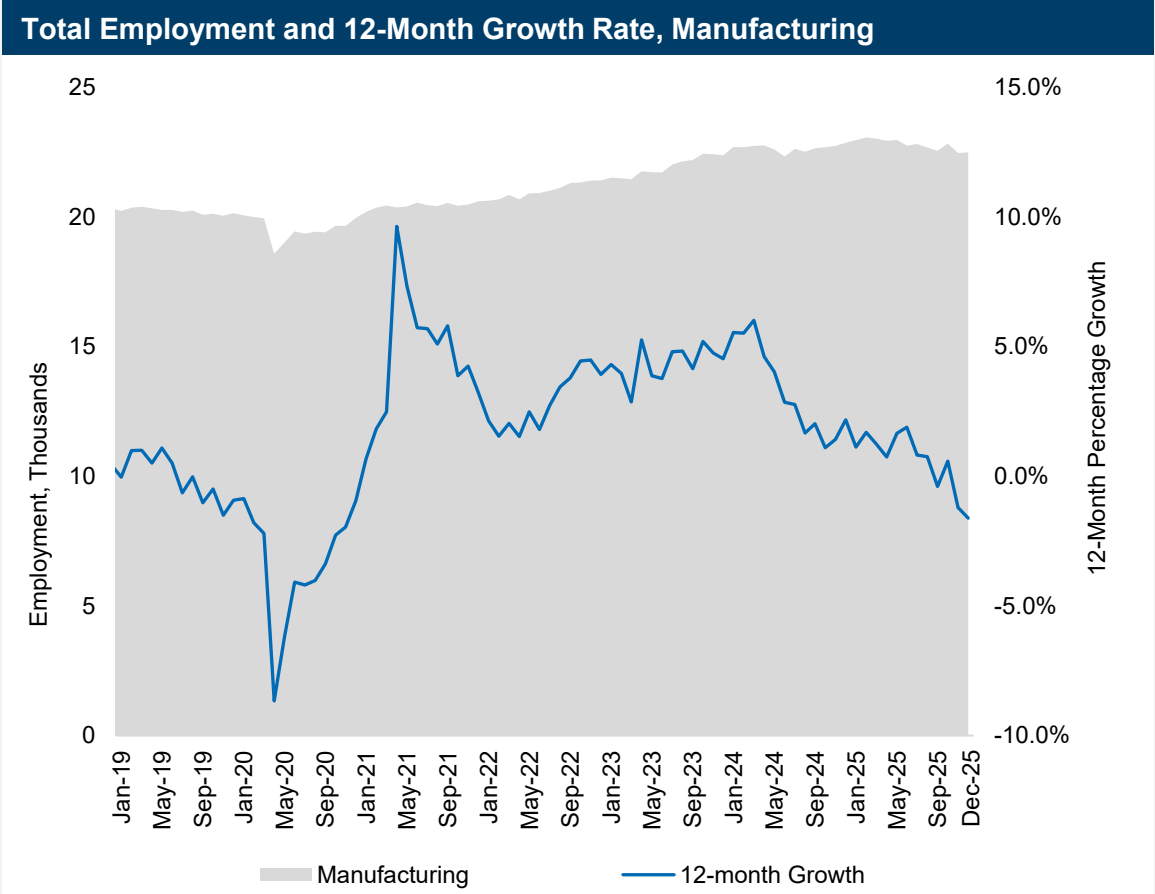
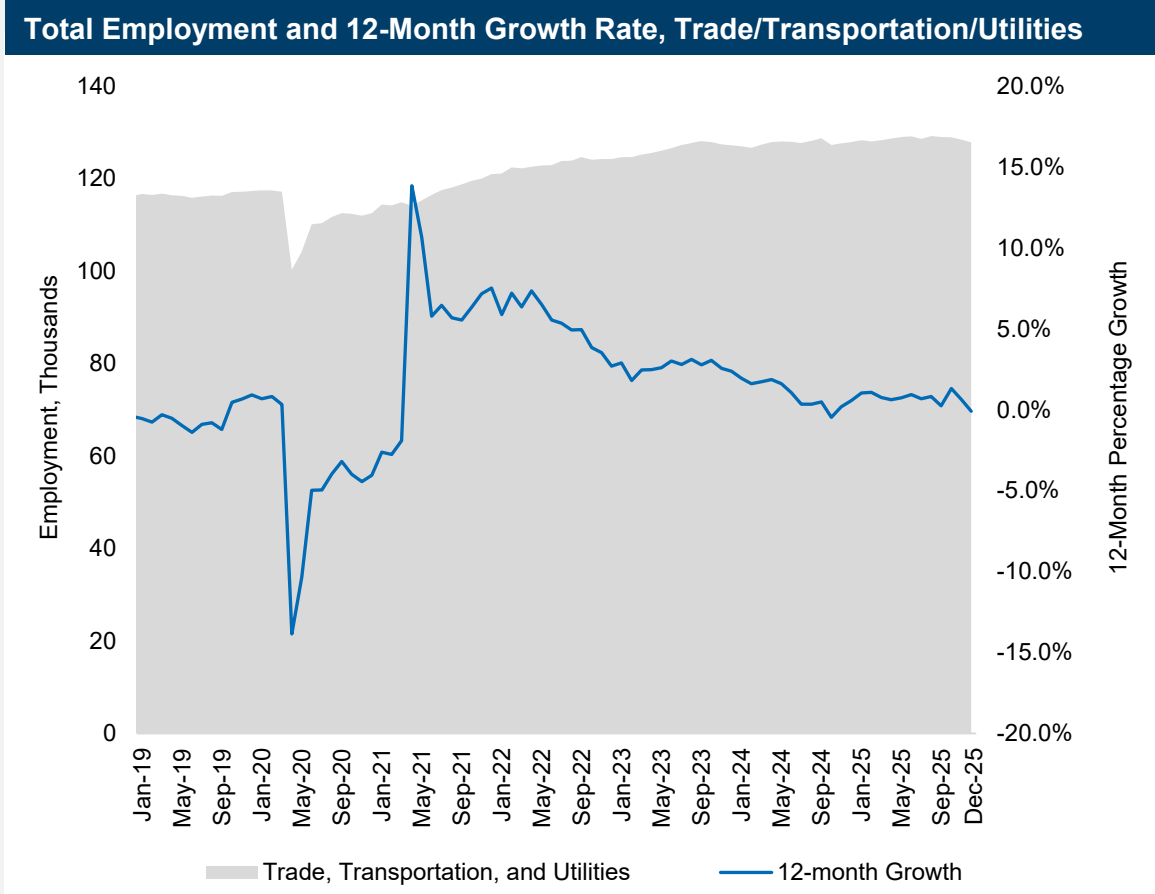
As of the end of 2025, the two largest employment sectors in Palm Beach account for 36.9% of the metro’s total jobs. The industrial-using trade/transportation/utilities sector is the second biggest at 18.2% of total employment. Of the three industrial using industries, only the mining and construction sector experienced annual growth, reporting a 0.1% increase year over year. The other two industrial-using sectors, trade/transportation/utilities and manufacturing, both declined year over year, posting -0.1% and -1.6%, respectively. Overall, industrial-using employment contracted by 0.2% over the past 12 months and currently consists of 195,130 jobs.



Source: U.S. Bureau of Labor Statistics, Palm Beach County

Industrial Employment Remains Elevated Despite Recent Contraction

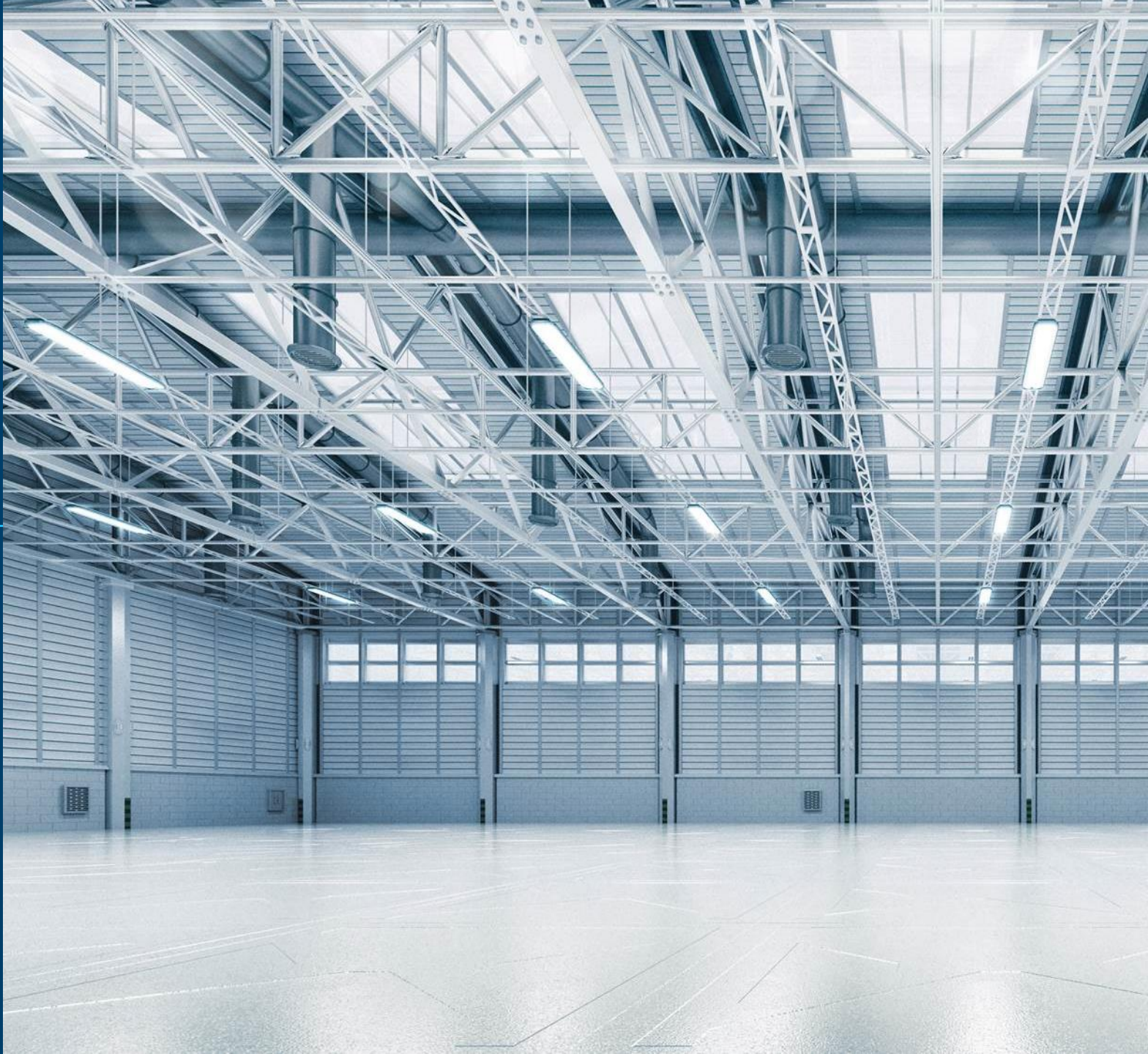
As of December 2025, the Palm Beach metro’s trade/transportation/utilities sector employed 127,760 workers—the region’s second largest employment base. While the sector posted a modest year over year contraction of 0.1% and has declined 1.1% from its recent peak in August 2025, the overall labor pool remains elevated, underscoring the market’s long-term fundamentals in the logistics and distribution space. Manufacturing employment, at 22,490 jobs, experienced a decline of 380 basis points in year over year growth, bringing the sector to -1.6% annually.



Source: U.S. Bureau of Labor Statistics, Palm Beach County

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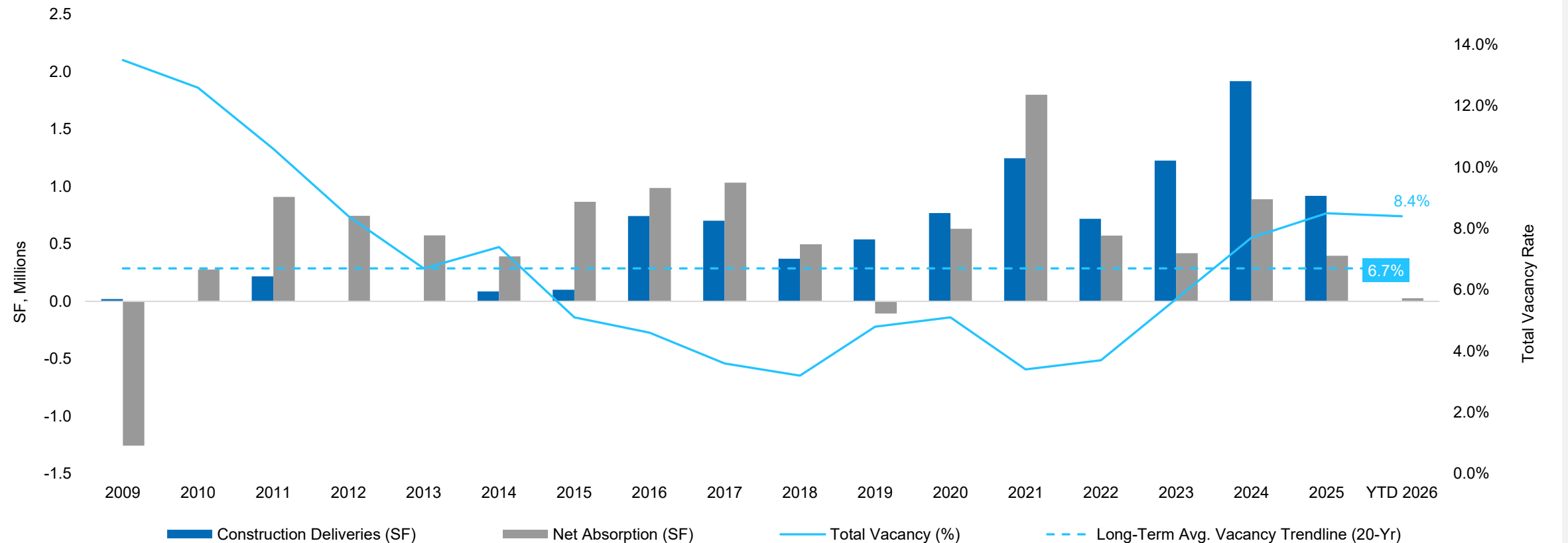
Leasing Market Fundamentals



Vacancy Eases from Recent High as Demand Outpaces Supply

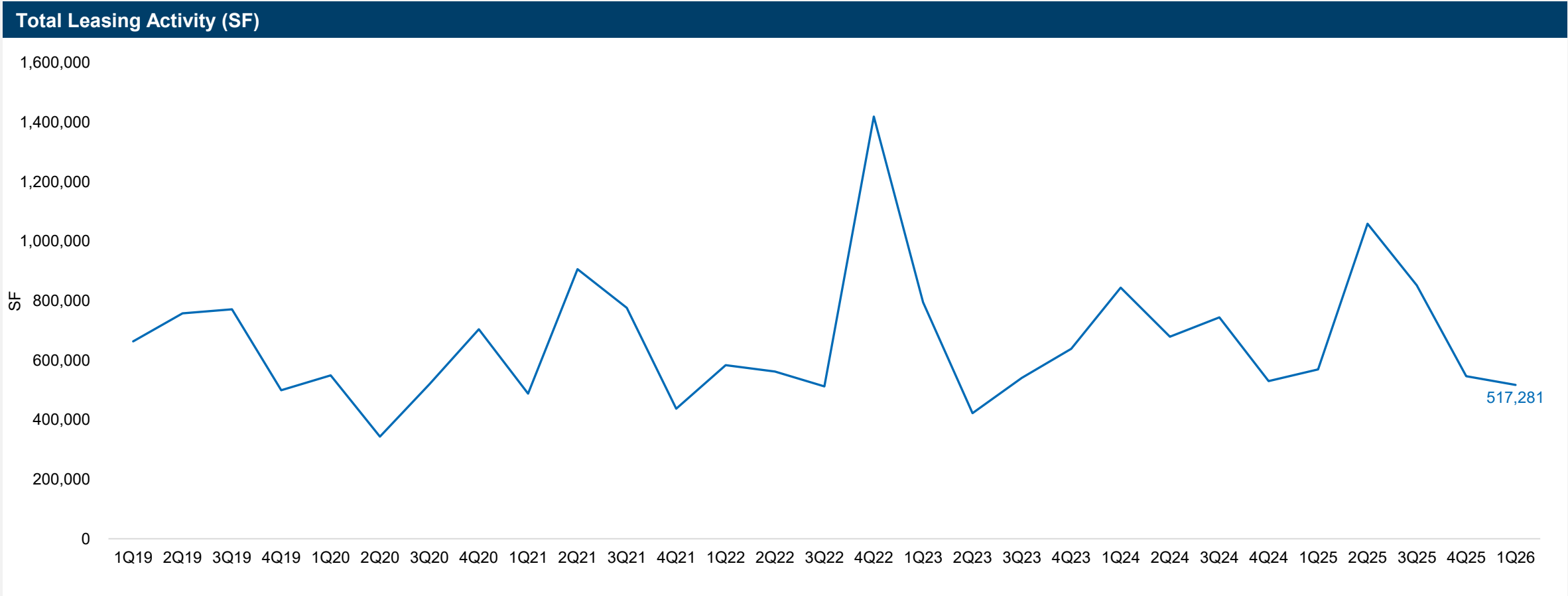
During the first quarter of 2026, the Palm Beach industrial market recorded 26,008 SF of positive absorption, well below the five-year average of 203,840 SF. At the same time, there were no deliveries during the quarter. As a result of demand outpacing supply during the first quarter of 2026, the vacancy rate dipped by 10 basis points quarter over quarter to 8.4%. Despite the quarterly decline, vacancy increased by 50 basis points year over year and remains well above the 20-year trend of 6.7%. In the near term, vacancy will likely ease from the recent high as the construction pipeline slows and excess space is occupied.

Historical Construction Deliveries, Net Absorption, and Vacancy



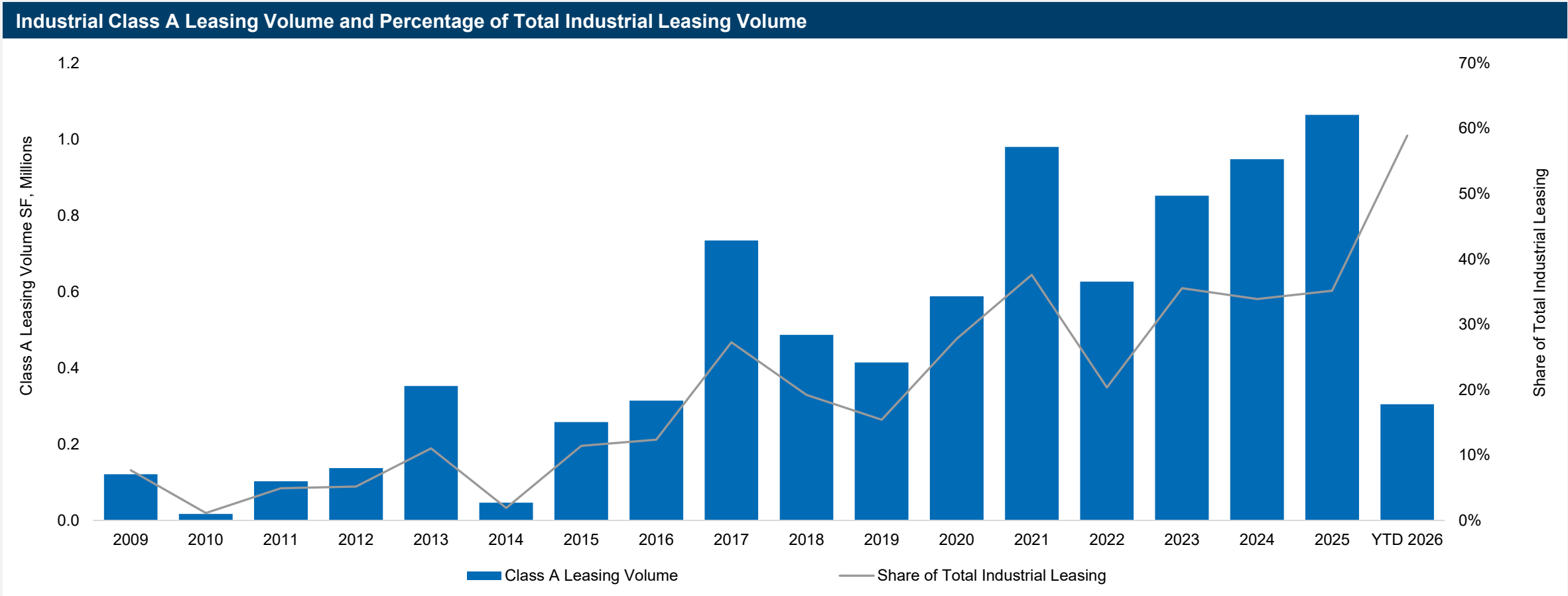
Leasing Volume Declines For Third Consecutive Quarter

Leasing activity declined by 5.4% quarter over quarter and 9.1% year over year to 517,281SF, the third consecutive quarterly decrease. The quarter's volume was also 18.2% lower than the five-year first quarter average of 632,701 SF. Average deal size decreased by 10.5% year over year to 3,832 SF, indicating that tenant demand is shifting towards smaller spaces.



Class A Leasing Activity Surges

Class A leasing activity in the Palm Beach industrial market totaled 304,589 SF in the first quarter of 2026, making up 58.9% of total leasing volume in the quarter – the largest share on record. Activity climbed by 45.0% quarter over quarter and marked highest level of demand for Class A space since the recent peak of 500,543 SF reported in the second quarter of 2025.

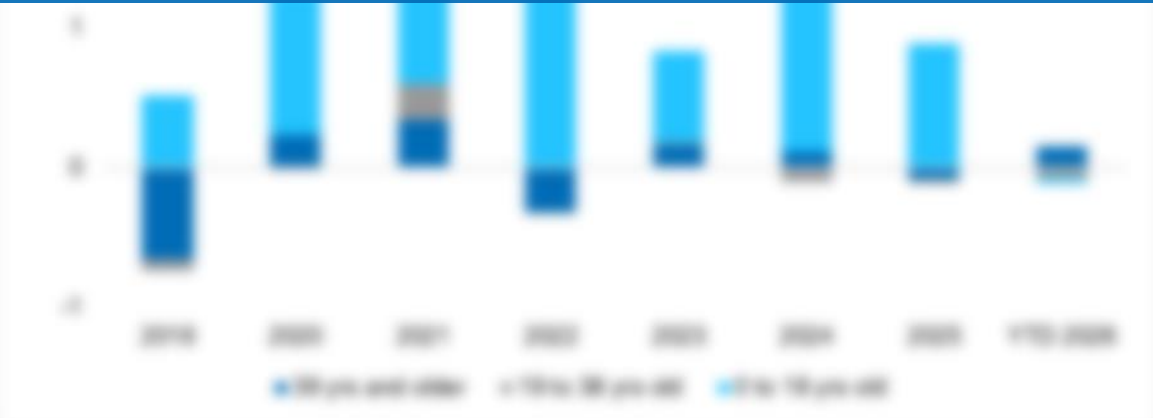


Preference for Modern Industrial Buildings Drives Demand

Modern industrial buildings – those constructed since 2000 – in the Tulsa Stock industrial market have captured the most occupancy gains over the past several years, reflecting strong tenant demand for newer facilities. Although these modern assets currently account for the 11.2% of the market's total vacant space, their elevated vacancy rate is largely a byproduct of the recent wave of new deliveries over the past few years. By contrast, vacancies have gradually risen among properties older than 10 years due to increased negative absorption and weakening demand over the same period. This trend suggests a softening of demand for aged industrial space as the market continues to shift toward higher quality, modern buildings.



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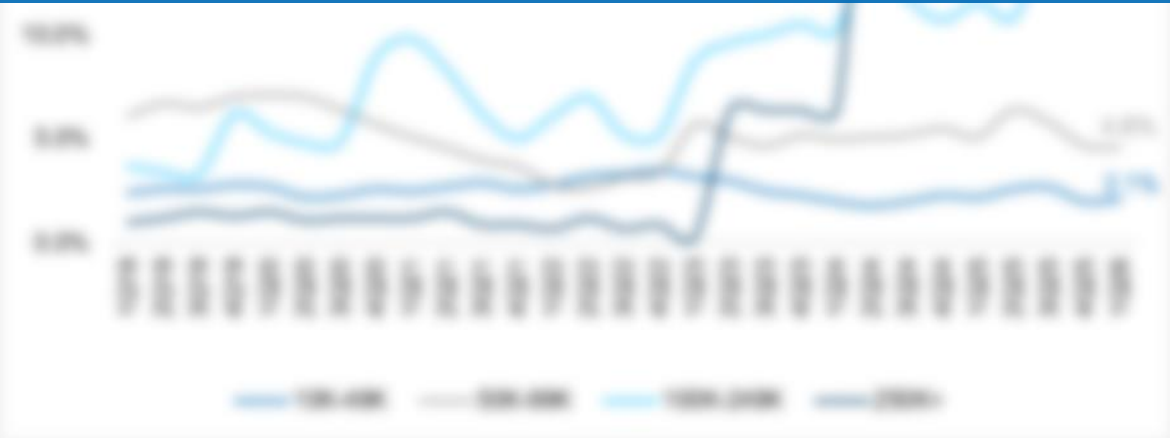
Mid-Size Buildings Drive Absorption While Big-Box Vacancy Remains Unchanged

In the Dallas-based industrial market, buildings between 100,000 and 200,000 sq ft made up the bulk of absorption, adding 47,200 sq ft of occupancy space during the first quarter of 2020 and have accounted for 2.9 million sq ft of gross sq ft absorption since 2015, the highest total among industrial building size segments. Buildings larger than 200,000 sq ft made up a smaller amount of absorption, reporting 1.8 million sq ft of net absorption over the same period. Vacancy rates for both segments and big box buildings remain higher than for buildings under 100,000 sq ft, largely due to a high volume of recent deliveries. Big box vacancy has held at an elevated 21.7% for eight consecutive quarters, suggesting that available large-format space has remained in the market for prolonged periods. Mid-sized buildings, after being under vacancy pressure, reported a 40-hour gross decline in vacancy rates quarter over quarter, dipping to 14.0%, reflecting the demand for well-located industrial space in a gradually increasing digital demand environment.

Net Absorption by Size Range

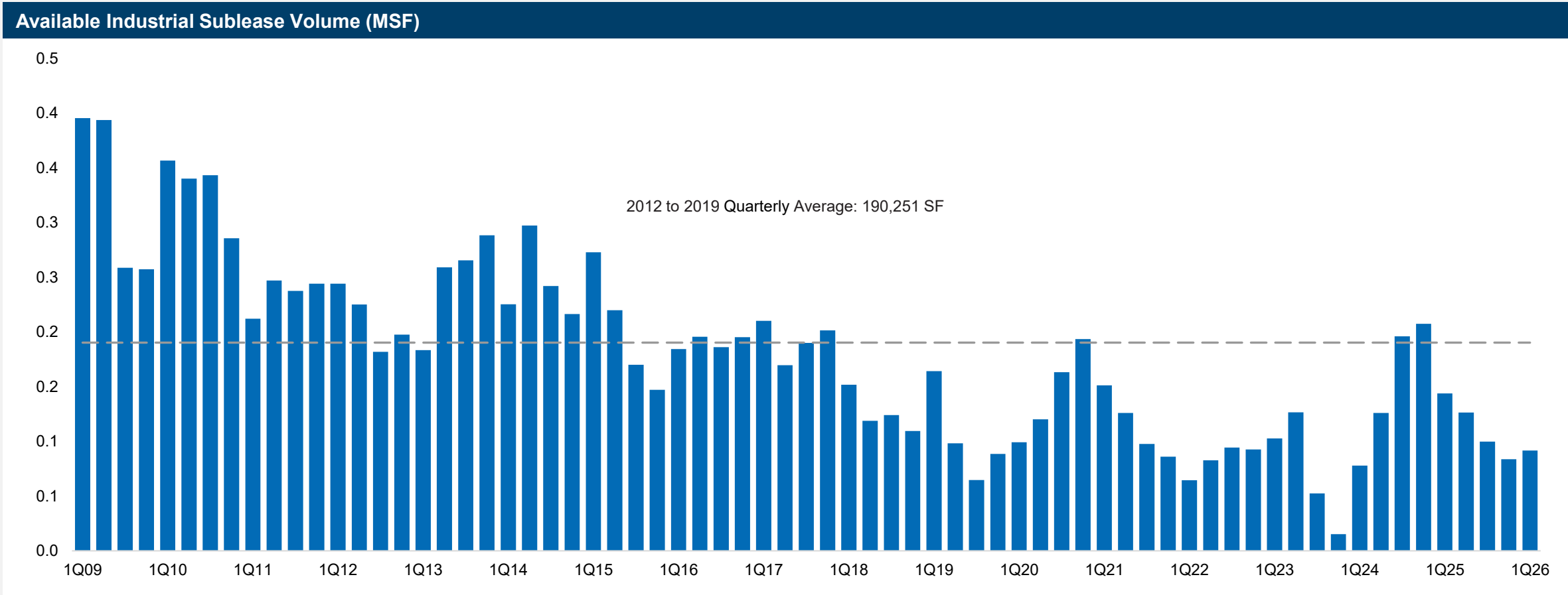
Vacancy Rates by Size Range

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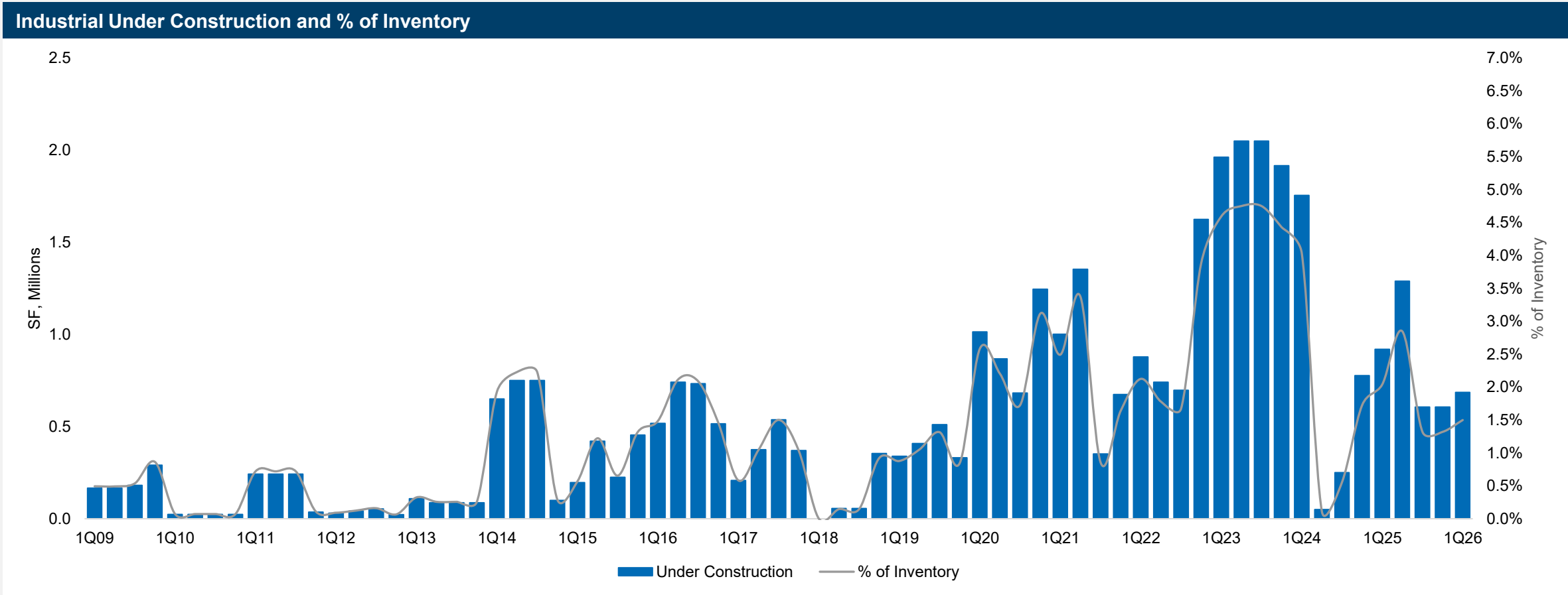
Available Industrial Sublease Ticks Up Following Recent Declines

After declining for four consecutive quarters, sublease availability in the Palm Beach industrial market increased in the first quarter of 2026, totaling 91,577 SF and reflecting a quarter over quarter increase of 9.3%. However, the amount of space available for sublease has declined on an annual basis, down 36.4% from the fourth quarter of 2025. Currently, the market’s sublease availability remains well below the 2019 to 2012 average of 190,251 SF – the fifth consecutive quarter remaining below that mark, which is indicative of a return to more typical sublease availability levels within the market.



Construction Pipeline Increased Quarter Over Quarter

As of the first quarter of 2026, the under-construction pipeline in the Palm Beach industrial market consists of 685,545 SF, comprising 1.5% of the market's total inventory and representing a 13.1% increase quarter over quarter. Additionally, 42.4% of the total space under construction has been pre-leased, indicating that leasing activity is keeping pace with new construction.



South Central Leads Construction Activity While North County Dominates Deliveries

The South Central submarket makes up the bulk of construction activity as of the first quarter of 2025, with new buildings currently in development totaling 496,276 SF, while New Haven – the only other submarket with any product under construction – has new building of 79,207 SF under construction. The North County submarket has led the sector in deliveries in recent years, bringing 2.8 BSM of new product online since the beginning of 2023, or 74.9% of all space delivered. The South Central submarket has delivered the second most space over that period at 1.1 BSM, representing 22.7% of the market share. To date in 2025, three buildings totaling 1.2 BSM have been delivered, including a 917,200-SF distribution center in the North County submarket.

Currently Under Construction Industrial Activity by Submarket

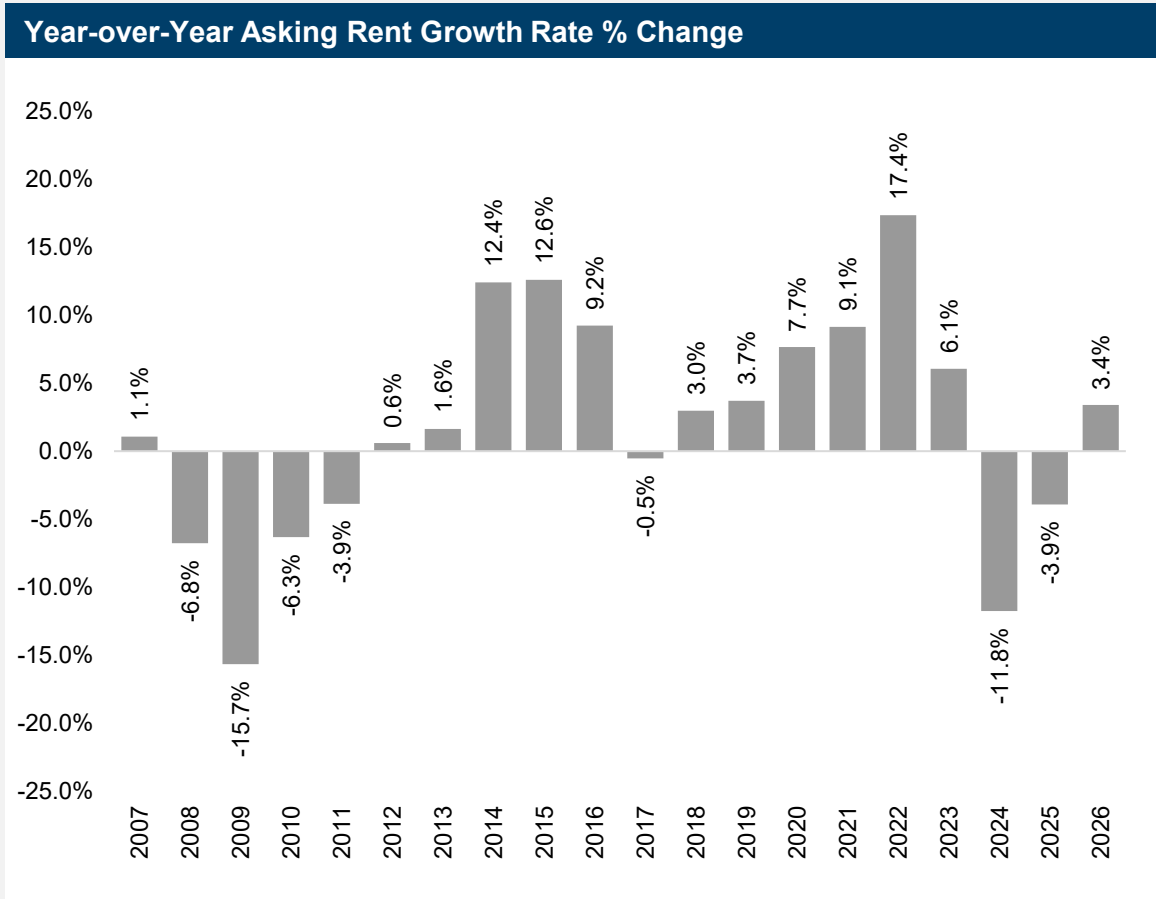
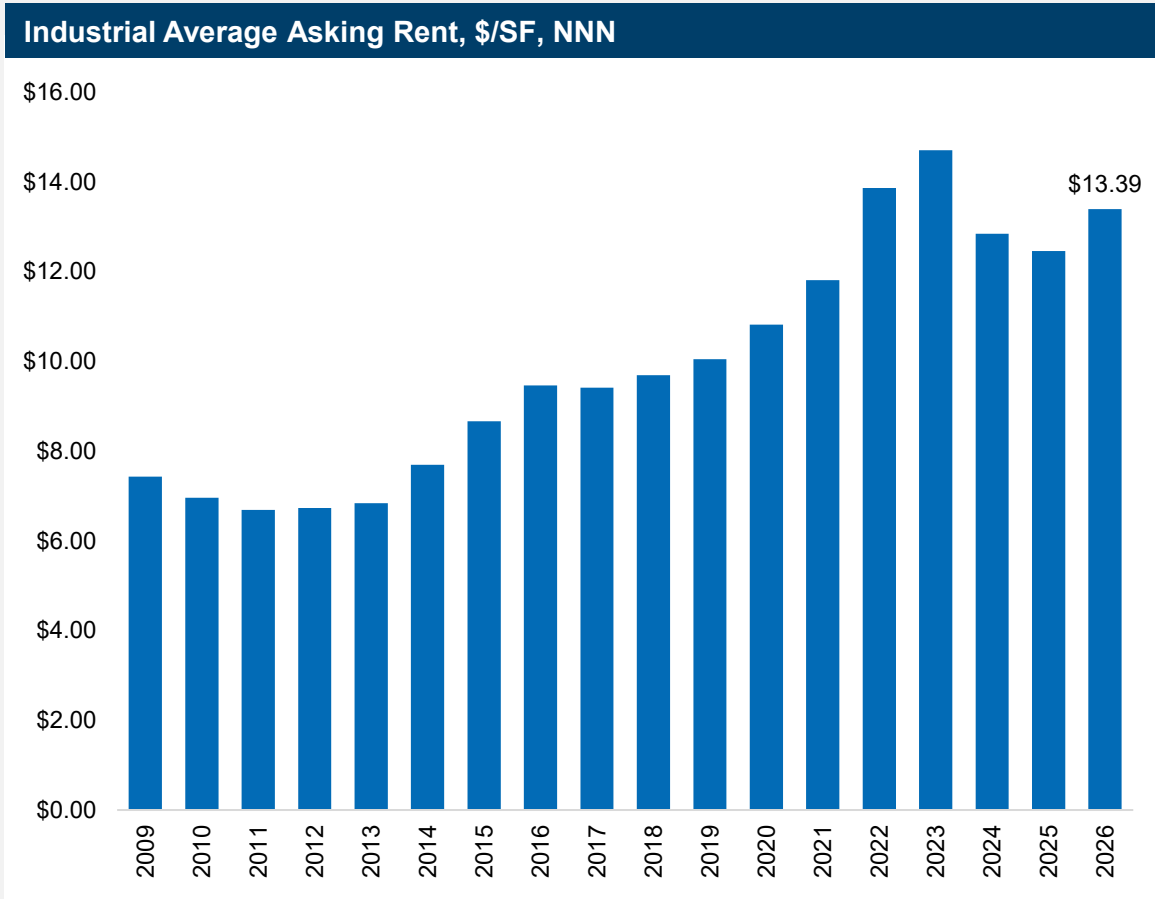
Historical Submarket Deliveries, Since 2023

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Asking Rents and Annual Rental Growth Rebound

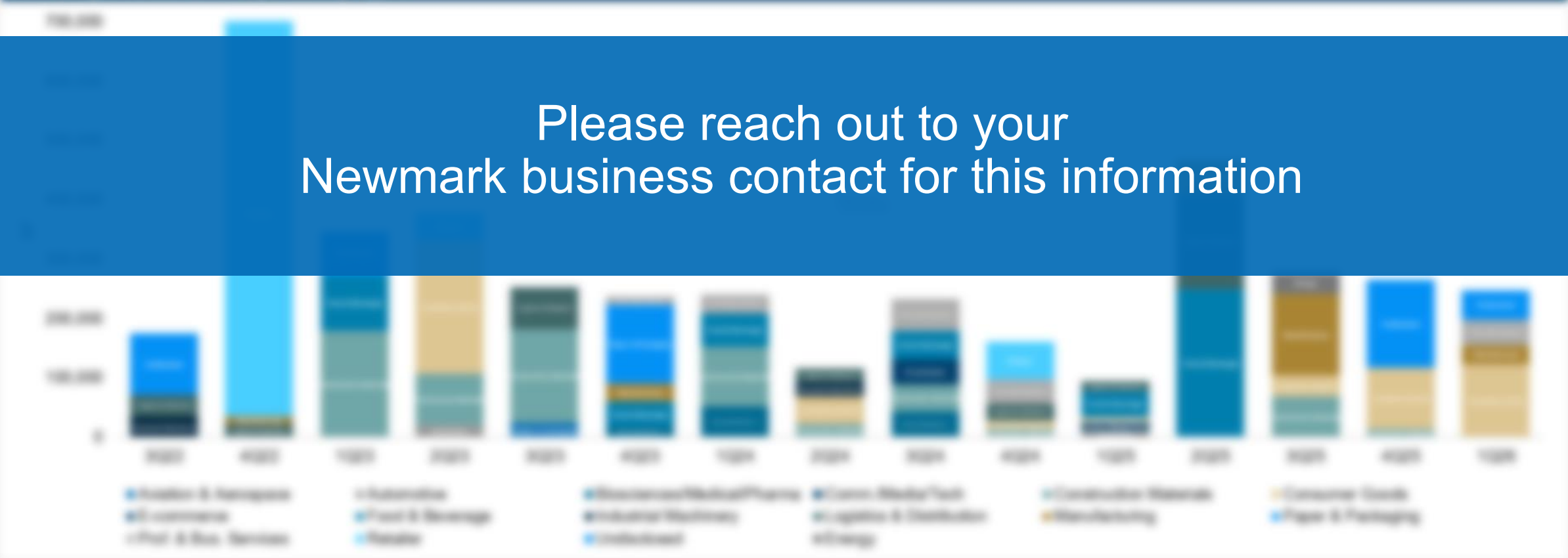
As of the first quarter of 2026, industrial asking rents in the Palm Beach metro reached \$13.39/SF, reflecting an increase of 3.4% year over year and an uptick of 7.5% quarter over quarter. The current asking rate for industrial space in the market is 8.9% below the all-time high of \$14.70/SF set during the fourth quarter of 2023. After significant contractions in two straight quarters, annual rent growth turned positive in the first quarter of 2026, reflecting a 3.4% annual increase. Rent growth is expected to continue as new deliveries place upward pressure on rents.



Consumer Goods Users Make Up Bulk of Leasing Activity

The top five leases signed during the first quarter of 2020 totaled 245,488 SF across a diverse set of tenant industries. Consumer goods users accounted for the largest share of activity, representing 124,888 SF – roughly 51% of the total volume – highlighted by American Toy Distributors' renewal. Professional and business services tenants contributed 62,076 SF, driven by Multi Image Group's new lease at the Stone Ridge officepark. Manufacturing tenants accounted for 32,276 SF, led by Pioneer Storage's renewal at their facility in the South Central officepark. Industrial tenants rounded out the top five, totaling 56,248 SF of leasing volume. Collectively, the quarter's top deals underscore the breadth of tenant demand across the Prime South industrial market.

Five Largest Deals Signed by Industry Type



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Notable 1Q26 Lease Transactions

Leasing activity in the Palm Beach industrial market during the first quarter of 2026 totaled 517,281 SF, a 5.4% decrease quarter over quarter and a 9.1% decline year over year. The North Central submarket accounted for the highest share of leasing activity among the top five deals, anchored by the largest lease signed during the quarter, signed by American Tire Distributors. Additionally, two of the top deals of the quarter were renewals, indicating tenants' preference for maintaining their operations in their current space as opposed to seeking out a new location in the market.

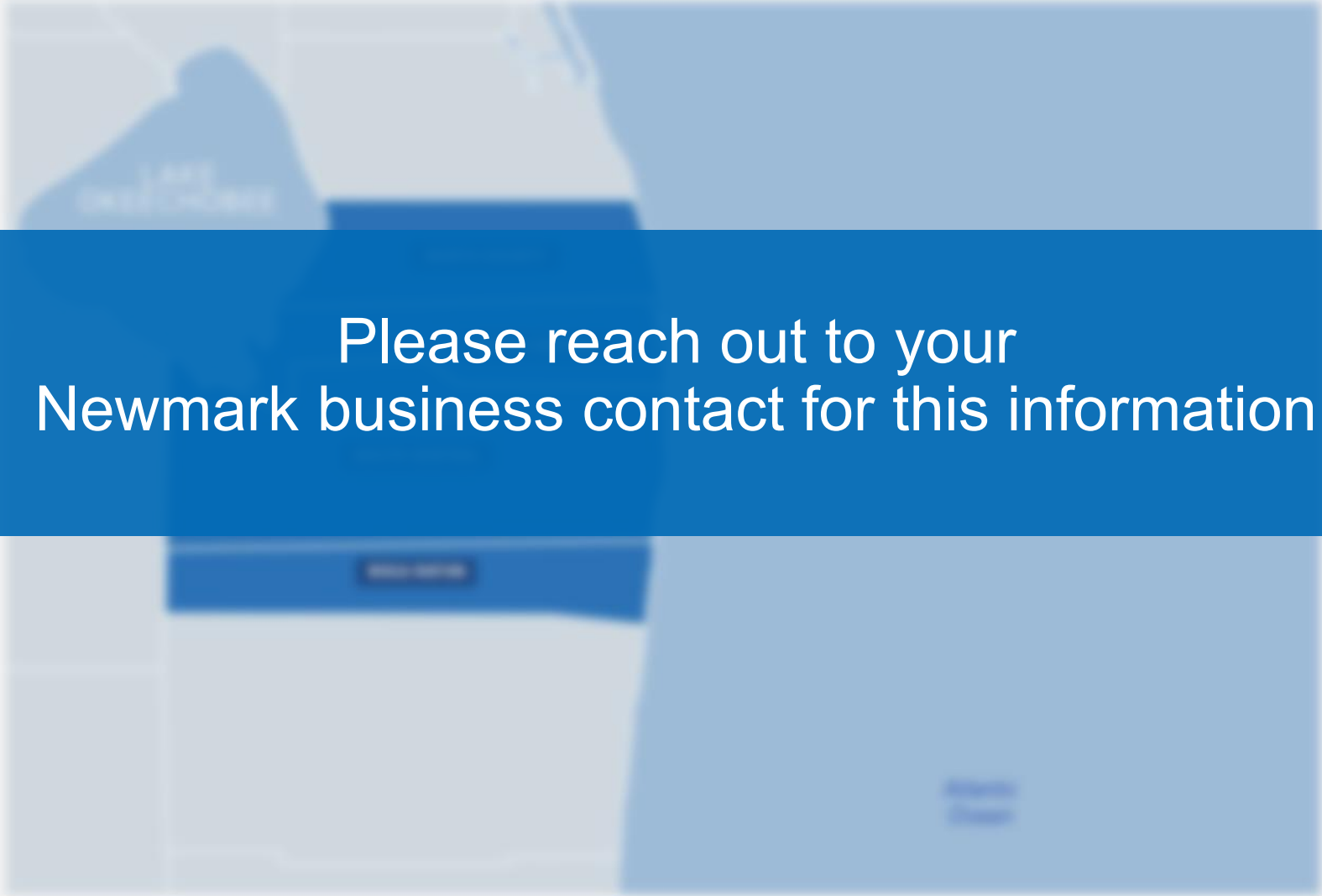
Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
American Tire Distributors	Southern Mills Business Park–Bldg 2	North Central	Renewal	124,000
<i>American Tire Distributors has renewed its full-building lease at the Southern Mills Business Park in Palm Beach's North Central submarket. The renewal allows the company to maintain its South Florida operations in place and provides long-term operational stability in one of the market's premier industrial corridors.</i>				
Multi Image Group	Boca Logistics Center	Boca Raton	Direct New	42,038
<i>Multi Image Group – an event production and corporate communications company, has executed a new lease, expanding its footprint in the market. The firm – which operates over 100,000 SF of production and warehouse facilities and maintains a Boca Raton headquarters – will utilize the space to support its live event production, staging, and equipment storage operations.</i>				
Premier Precast	1455 SW 4 th Ave	South Central	Renewal	32,370
<i>The company has renewed its 32,370-square-foot lease. It holds the distinction of being the only manufacturing facility in Florida certified across every architectural concrete product line and has operated from the location for nearly a decade and continues to use the facility as its primary production and manufacturing headquarters.</i>				
Undisclosed	Gateway Center–Bldg 400	South Central	Direct New	30,000
<i>A confidential tenant executed a new lease at Gateway Center during the first quarter of 2026, with occupancy scheduled to commence in June 2026.</i>				
Undisclosed	Jupiter Park of Commerce	North County	Sublease	20,000
<i>An undisclosed tenant executed a sublease for 20,000 square feet of space at 1830 Park Lane South.</i>				

03

Market Statistics & Map



Palm Beach Industrial Submarket Map



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Palm Beach Industrial Submarket Overview

Submarket Statistics - All Classes								
	Total Inventory (SQ)	2018 Construction (SQ)	Total Inventory (MM)	2018 Construction (MM)	2018 Inventory (MM)	2018 Inventory (MM)	Average Inventory Price (\$/SQ)	Average Inventory Price (\$/MM)
Year Total	1,000,000	150,000	100	15	100	100	\$100	\$100

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1Q26 South Florida Industrial Market Overview



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Quarter Absorption	\$4,200	\$4,200	\$4,200
YTD Absorption	\$4,200	\$4,200	\$4,200
Quarter Deliveries	\$0	\$71,200	\$0
YTD Deliveries	\$0	\$71,200	\$0
Direct Leasing Rate (2025)	\$75.07	\$75.00	\$75.00
Sublet Leasing Rate (2025)	\$75.00	\$75.07	\$75.00
Total Leasing Rate (2025)	\$75.07	\$75.07	\$75.00

04

Supplemental Analysis



Palm Beach Industrial Market

Strengths

- Palm Beach benefits from strong international trade links through its airport and port.
- There is strong current demand for newer, larger, high-quality industrial space.
- Rental rates are expected to continue to grow as new product is brought to market, driving greater interest in adding units.

Weaknesses

- Existing capacity is limited, especially in older industrial facilities. The current vacancy rate is above the US and national average and expected to remain elevated over the next few months.
- Elevated vacancy levels have contributed to a modest construction pipeline, as developers remain cautious about bringing new capacity online.

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Opportunities

- Expansion of e-commerce offers significant opportunities for industrial space demand.
- Construction activity increased quarter over quarter, indicating that developers are coming off the sidelines after two quarters of inactivity.
- Clear preference for modern industrial buildings could lead to increased construction activity.

Threats

- Elevated economic uncertainty, tight financing, and global trade uncertainty could negatively impact industrial space demand.
- Competitive markets like Miami may attract businesses away from Palm Beach.
- Rising construction costs and tighter financial conditions could headwinds for landlords.

Palm Beach Gross Metropolitan Product

The gross metropolitan product continues to increase despite economic headwinds, albeit at a slower rate. Most recently, the gross metropolitan product rose 1.2% year over year to reach a new all-time high of \$146.7 billion.

Economic Overview - GDP, Unemployment & Inflation - No Change

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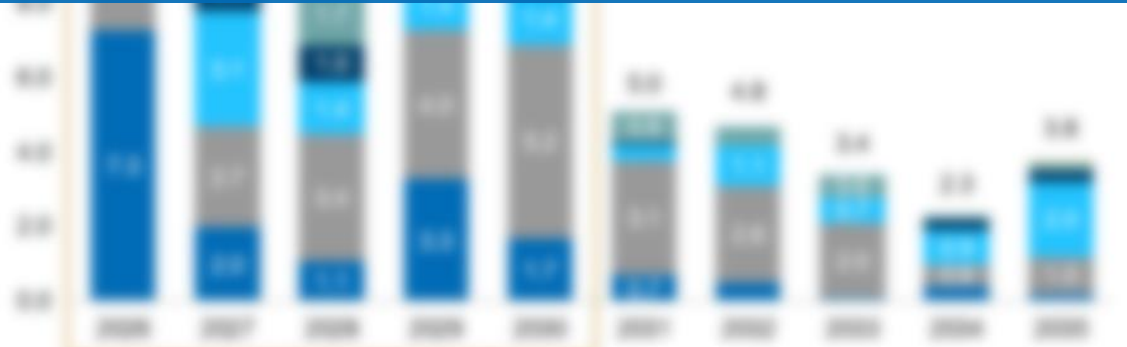
Loan Maturities Scheduled to Peak This Year

CMBB assessed the leading sources of debt financing in early 2020, accounting for 47.0% of total volume. CMBB maturities are heavily leveraged, with \$17.4 billion scheduled to come due over the next five years, or 49.0% of all CMBB debt maturing through 2025. Across all debt sources, maturities are expected to peak in 2020 at \$17.7 billion, underscoring the need to closely monitor upcoming maturities as an indicator of future market stability. The concentration of near-term maturities, particularly in CMBB, elevates refinancing risk in a higher rate environment and reinforces the importance of credit quality and proactive capital planning over the next cycle.

Financing Source by volume

Debt Maturity Schedule by year type

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Multifamily Maturities Particularly Elevated Through 2030, Industrial Not So Much

As of the first quarter of 2020, scheduled loans represent only 8.2% of the \$12.8 billion in loans scheduled to mature over the next five years, providing a buffer against near-term refinancing stress to the sector. This results in stark contrast to multifamily, which accounts for 71.7% of scheduled maturities through 2020. The scheduled sector's low share of maturities also through 2020 underscores the sector's ability as well as investors' continued confidence in the scheduled sector's long-term fundamentals.

Commercial Mortgage Maturities

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