3Q25

Palm Beach Industrial Market Overview

NEWMARK

Market Observations

Economy

- The unemployment rate rose by 32 basis points year over year to 3.8%, matching the five-year average but exceeding the 2019 average of 3.4%, indicating softer market conditions.
- Job growth slowed to 0.6% year over year, lagging the national pace by 29 basis points, driven by job losses across all three office-using sectors in the market.
- Seven of the ten major employment sectors posted job gains over the past year, led by the education and health industry, which recorded a 2.4% increase.
- All industrial-using employment sectors grew with mining and construction, trade/transportation/utilities, and manufacturing sectors expanding by 0.6%, 0.7%, and 0.8%, respectively.

Leasing Market Fundamentals

- In the third quarter of 2025, the market reported 168,570 SF of positive net absorption, bringing year-to-date demand to positive 140,088 SF.
- Overall rental rates decreased by 3.5% year over year to $13.25/SF and are expected to remain elevated, although the pace of growth will flatten in the short term as demand catches up to supply.
- The construction pipeline decreased to 626,857 SF, down 55.7% quarter over quarter, as the 457,396-SF Egret Point Logistics Center was delivered in the South Central submarket.
- Although demand was positive this quarter, the addition of new supply pushed vacancy rates higher by 110 basis points quarter over quarter to 9.2%. As demand slowly catches up to supply, vacancy is expected to remain elevated in the near term before steadily decreasing.

Major Transactions

- Premium Absorbent Disposables signed the largest deal of the quarter at the newly delivered Egret Point Logistics Center, securing 75,982 SF of Class A industrial space.
- Three of the top five notable leases took place in the North Central submarket of Palm Beach.
- Four of the five of the most notable deals in the Palm Beach area were new leases, highlighting the demand for space in the market.
- Leasing activity decreased quarter over quarter to 781,273 SF, of which 23.1% was for Class A space.

Outlook

- The Palm Beach industrial market will see a decline in new supply delivering to the market in the medium term, due to only 1.3% of the current market’s inventory under construction.
- Vacancy rates are expected to remain elevated over the next few quarters as new supply from a robust construction pipeline is worked through.
- Increase in industrial-using employment sectors will drive up the demand for industrial space and will put downward pressure on vacancy rates.
- Asking rents are likely to continue easing in the near term amid elevated availability and softer demand. Incoming new supply will have minimal impact in lifting average rents given that 86.9% of these projects are already preleased.

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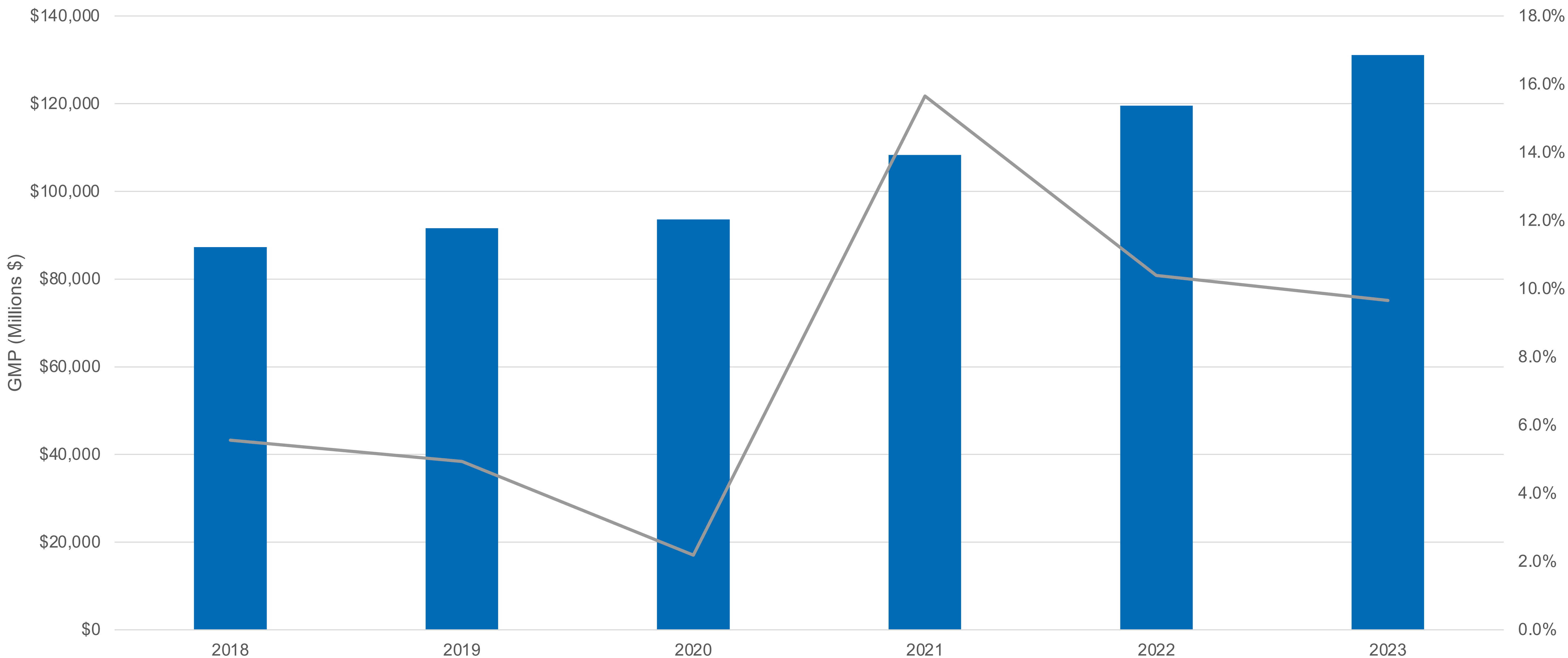
Economy

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 9.7% year over year to reach a new all-time high of roughly $131 billion.

Economic Overview— GMP (Millions $) VS. YoY (%) Change

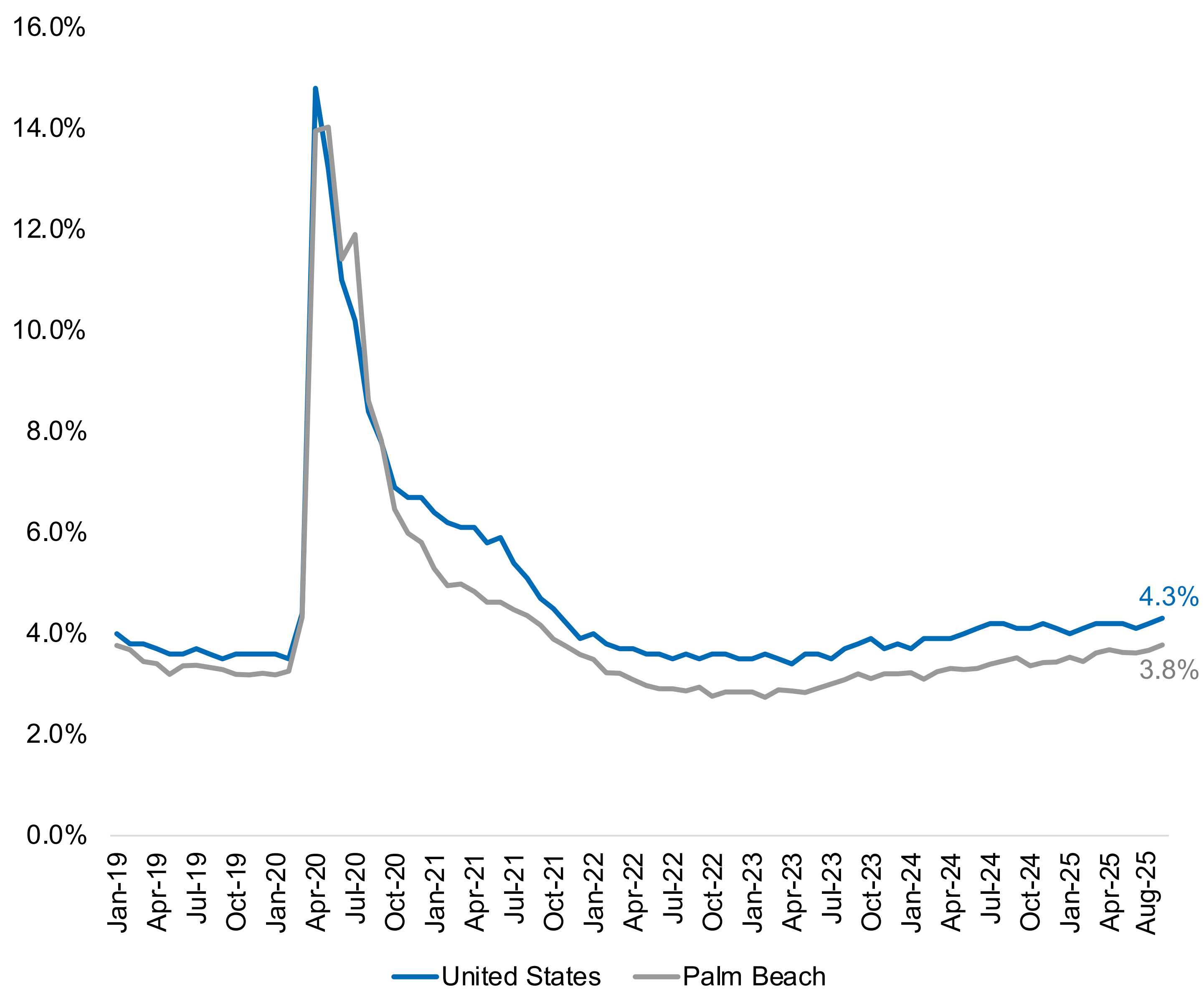


Source: Moody's

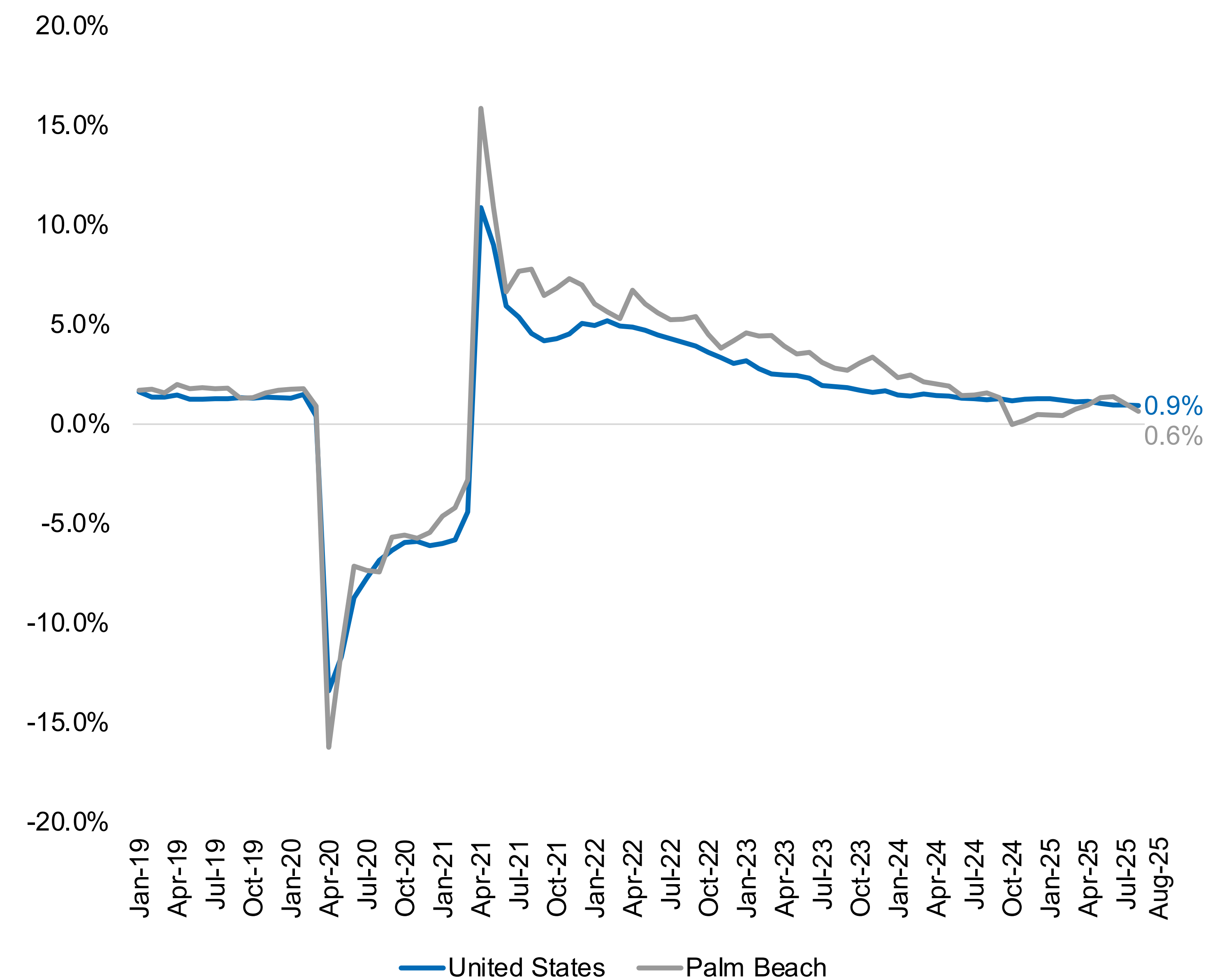
Unemployment Rate Ticks Up While Job Growth Trails the Nation

Palm Beach County has generally maintained an unemployment rate below the national average, while outperforming in year-over-year employment growth. However, ongoing economic headwinds have begun to impact the local labor market. Over the past year, Palm Beach County's unemployment rate rose by 32 basis points, while employment growth has decelerated by 93 basis points. Regional employment growth more recently began falling below the national pace beginning in October 2024. This trend has generally continued, except in the second quarter of 2025, with the third quarter of 2025 ending at 0.6% year over year, despite gains across all three industrial-using employment sectors.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

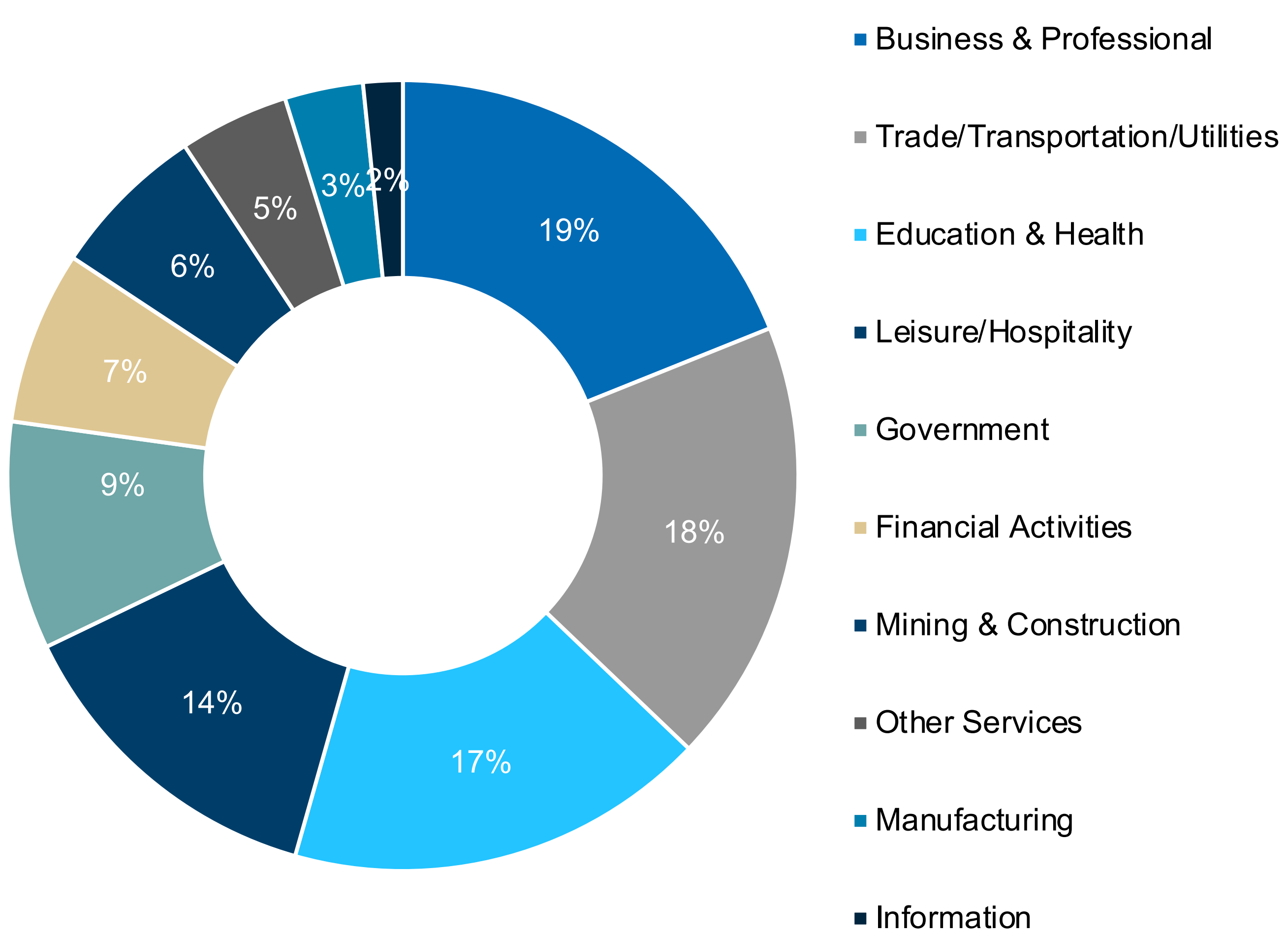


Source: U.S. Bureau of Labor Statistics, Palm Beach County

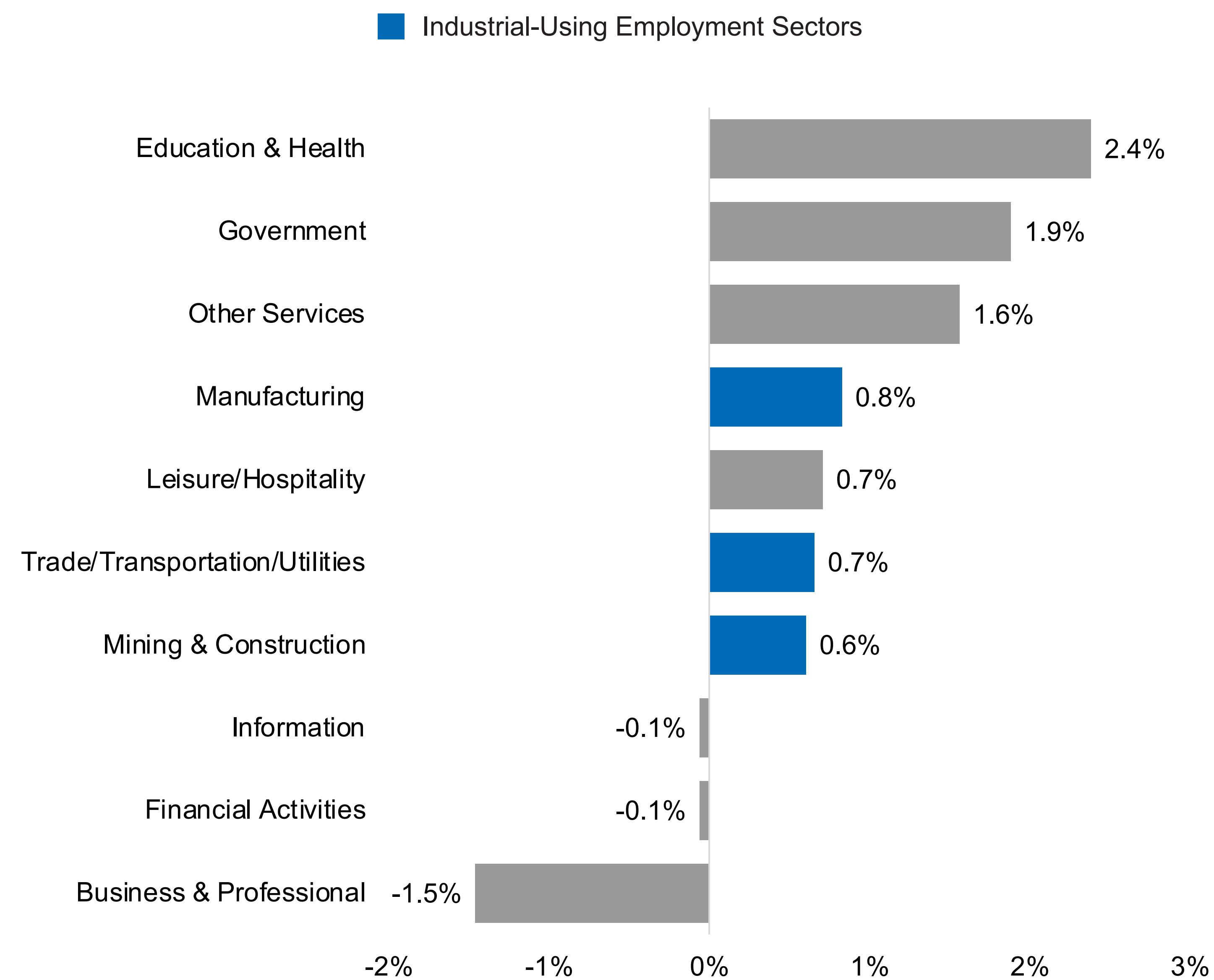
All Industrial-Using Sectors Report Employment Gains

Palm Beach's two largest employment industries account for 37.1% of the metro's job base, with trade/transportation/utilities, accounting for the second largest share at 18.2%. Over the past year, all industrial-using industries posted employment gains, with the mining and construction, trade/transportation/utilities, and manufacturing sectors expanding by 0.6%, 0.7%, and 0.8%, respectively.

Employment by Industry, August 2025



Employment Growth by Industry, 12-Month % Change, August 2025

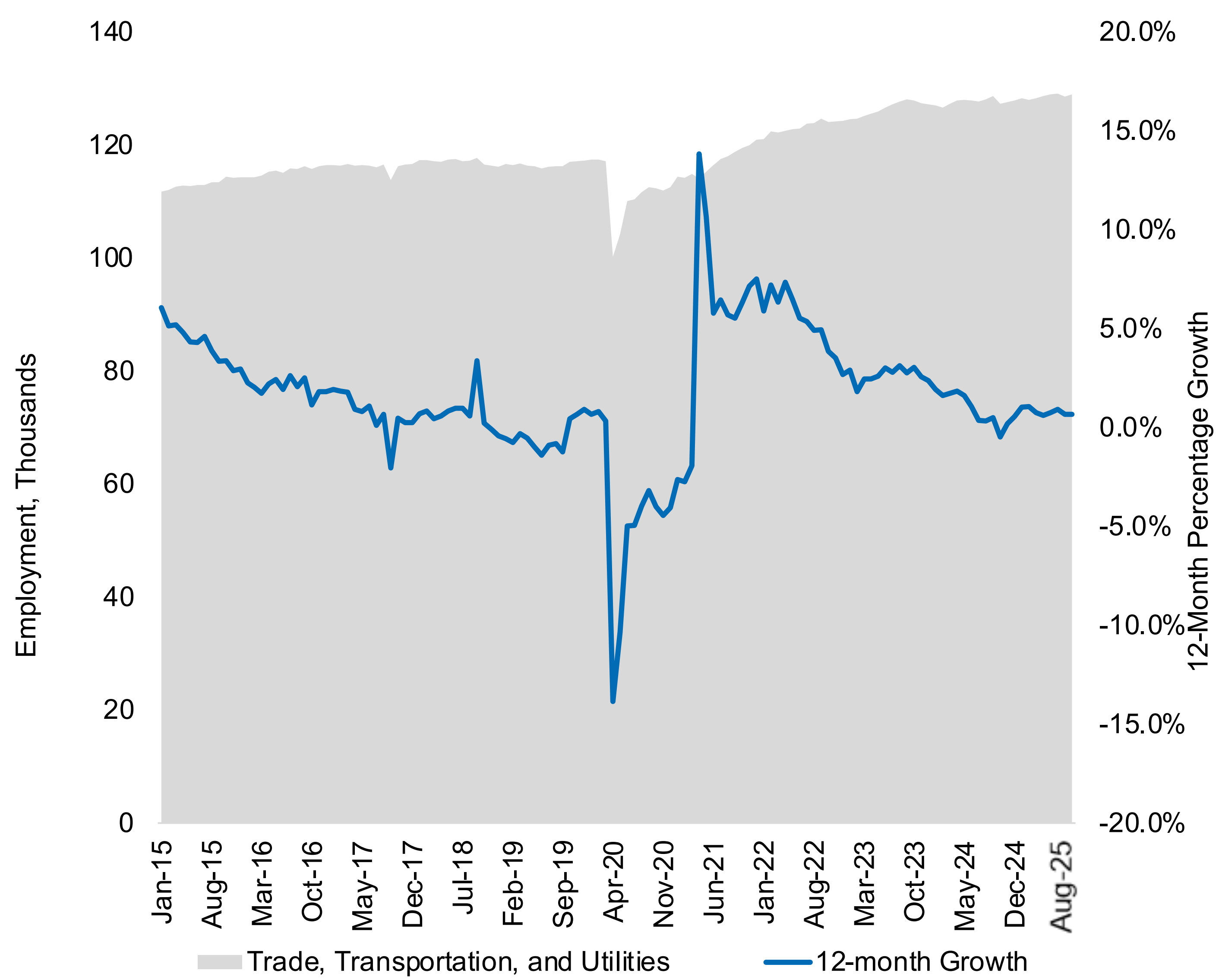


Source: U.S. Bureau of Labor Statistics, Palm Beach County

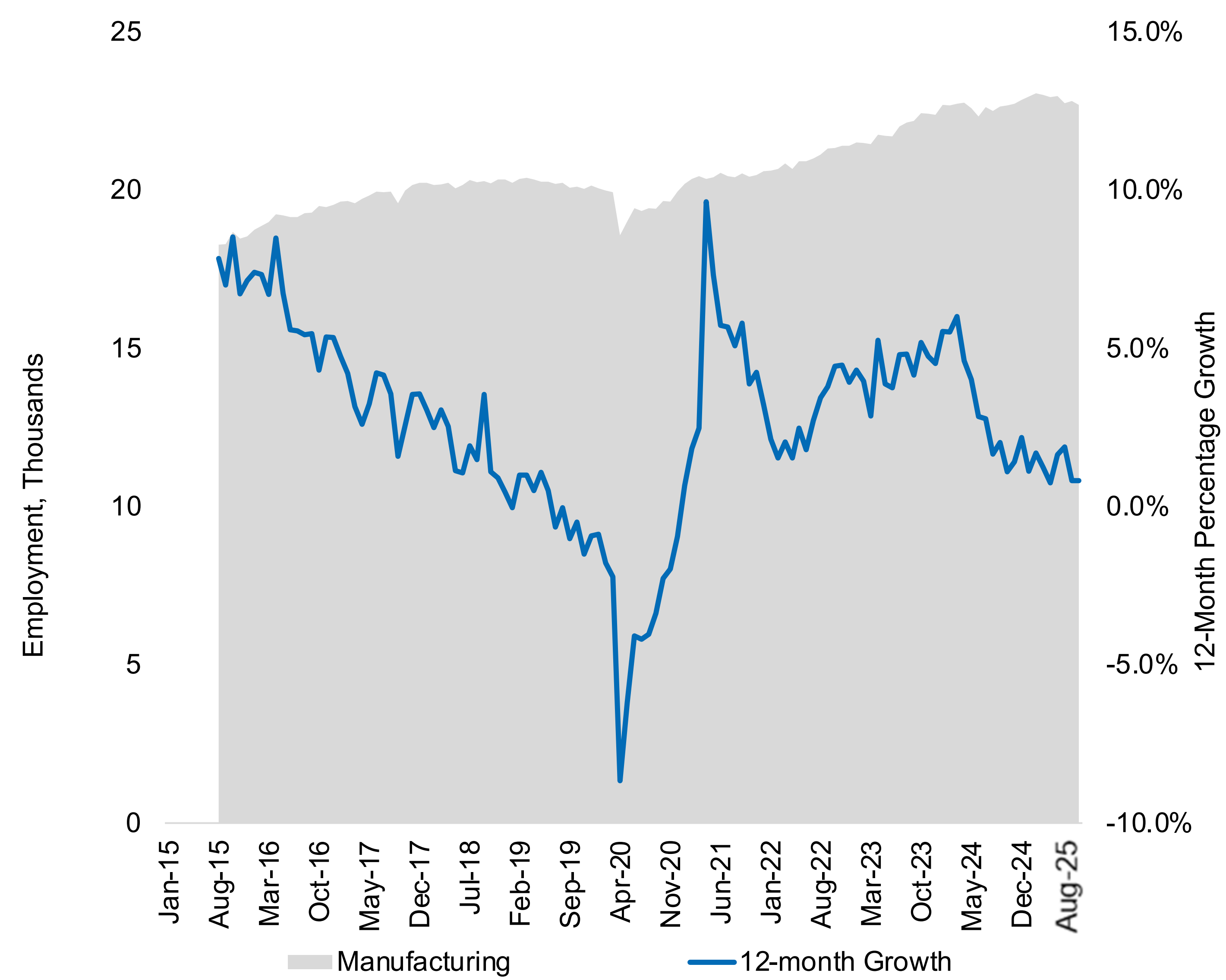
Industrial-Using Employment Remains Elevated Despite Slower Growth Pace

Trade/transportation/utilities employment rose 0.7% year over year to 128,953 jobs, sitting just 0.1% below the all-time high reached in June 2025. Meanwhile, employment growth pace is 32 basis points higher than August 2024. Manufacturing employment in the same time period increased 0.8% year over year and is now 1.6% below the February 2025 peak. Although year-over-year growth slowed by 87 basis points, manufacturing employment remains elevated at 22,693 jobs. Overall, both sectors continue to operate at elevated employment levels and reflect yearly growth.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



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

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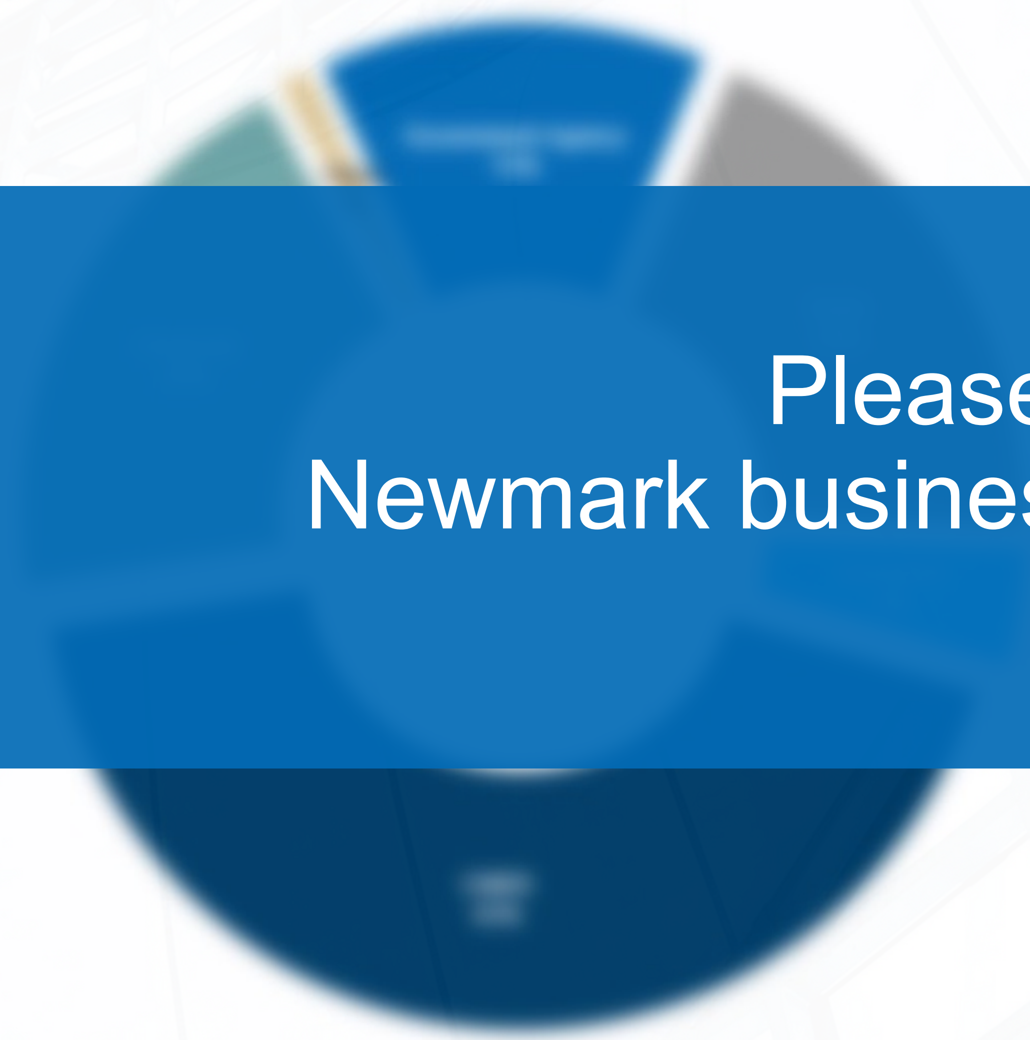
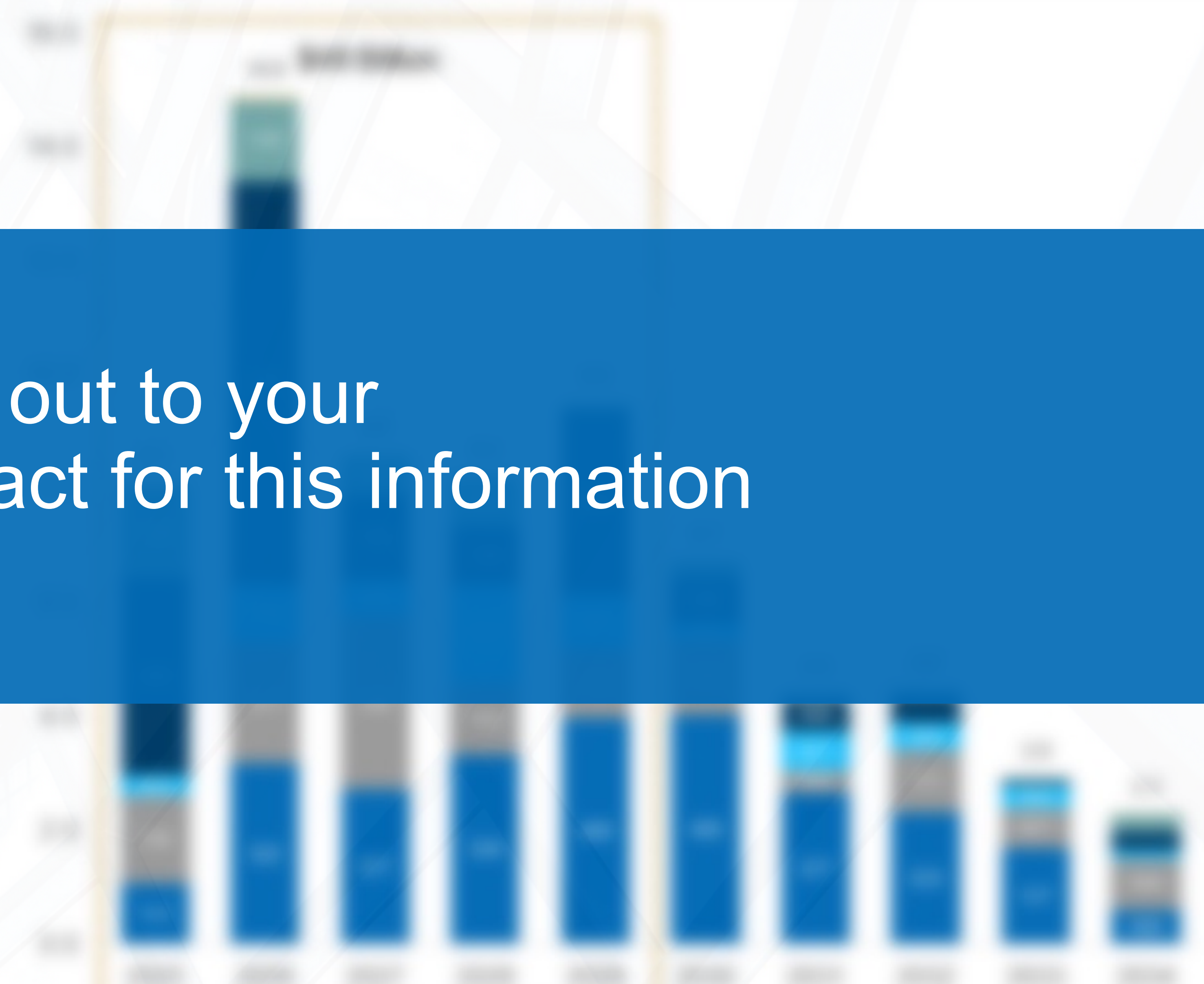
Debt/Capital Markets

Highest Loan Volume Due in 2026





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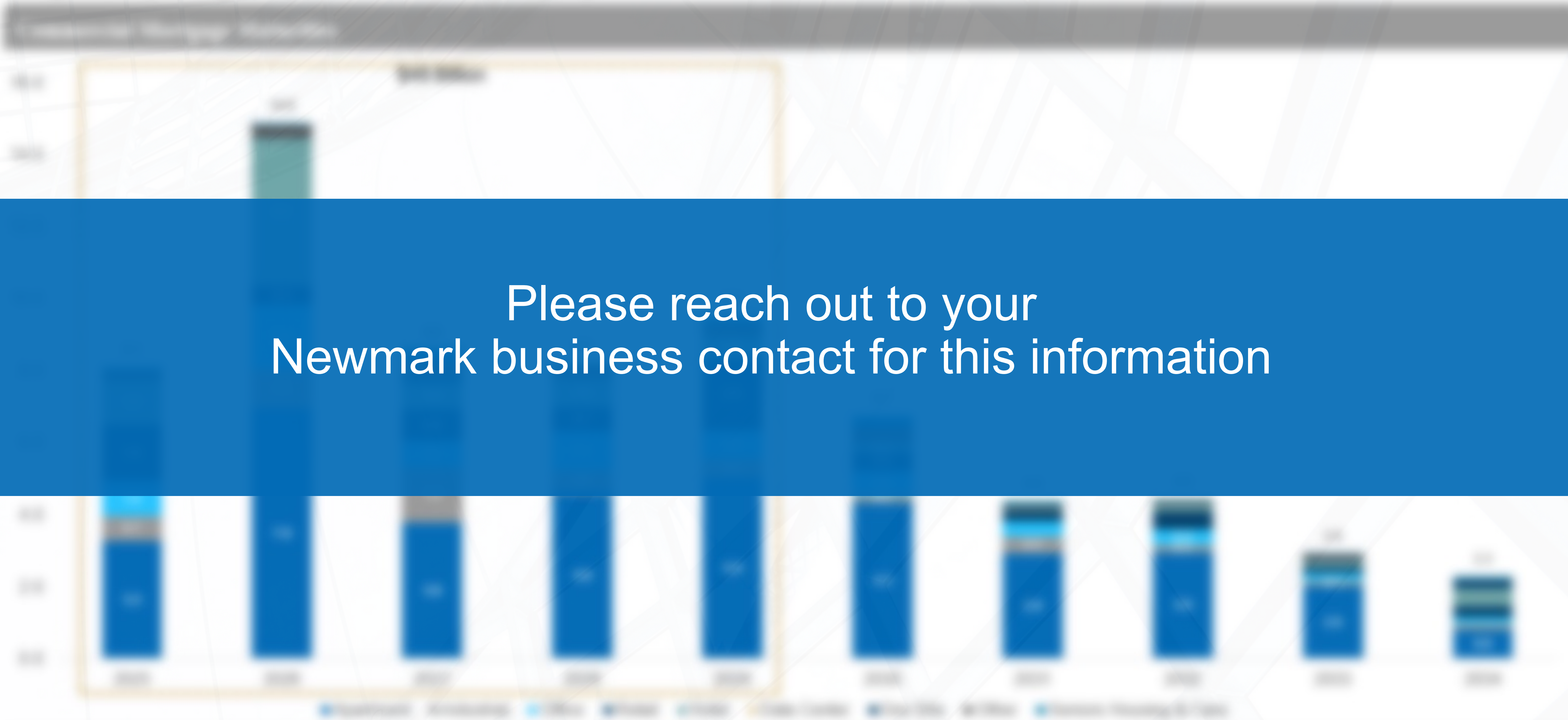
Multifamily Maturities Particularly Elevated Through 2029, Industrial Not So Much



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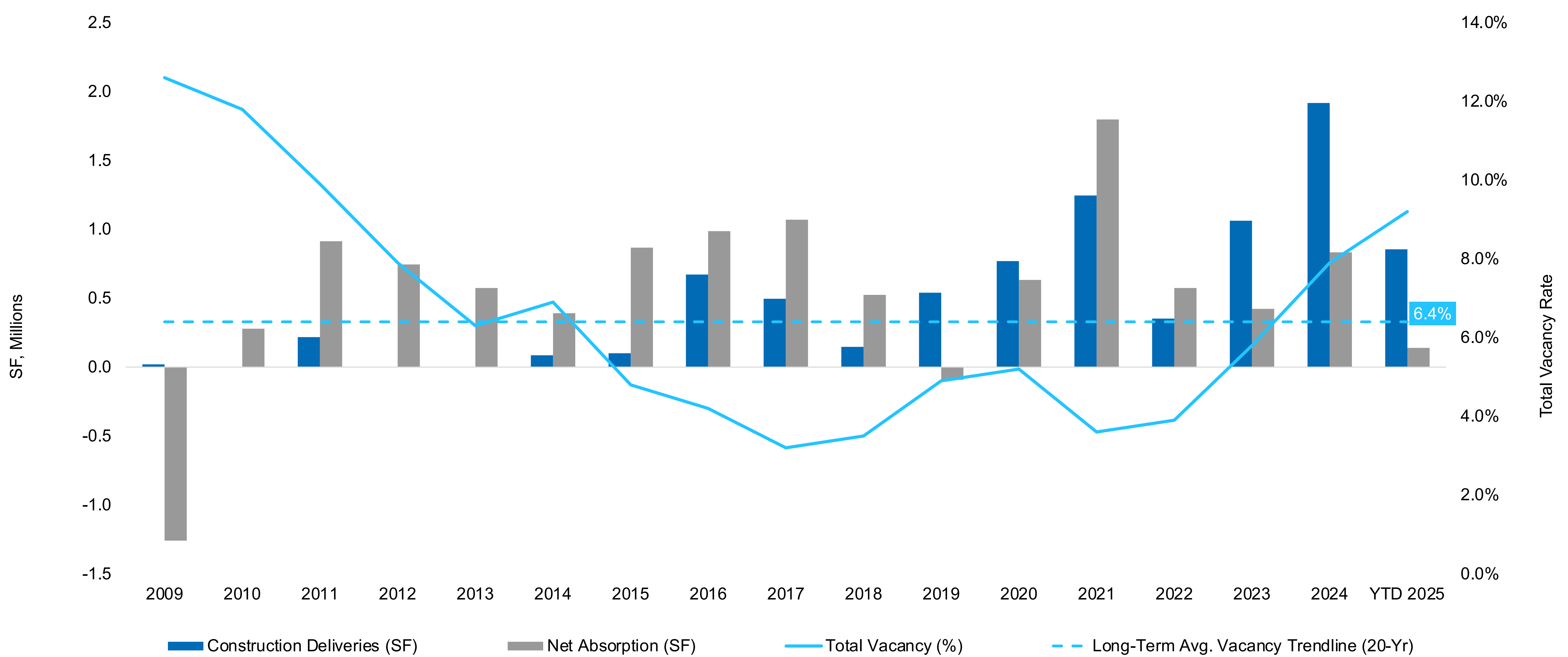
Leasing Market Fundamentals

Vacancy Hits Highest Since 2011 as New Supply Surges; Demand Remains Positive

In the third quarter of 2025, the market posted 168,570 SF of occupancy, the strongest quarter over the past trailing year. Despite stronger demand, vacancy rose 110 basis points quarter over quarter and 130 basis points year over year to 9.2%, as an influx of 743,860 SF of new supply came online. Of the five deliveries, the highlight was two buildings delivered at Egret Point Logistics Center, adding 457,396 SF to the South-Central submarket. As of the third quarter of 2025, vacancy rates have climbed to its highest level since 2011, driven by 3.8 MSF of deliveries since 2023 and pushing the rate above the 20-year trend of 6.4%, that was most recently surpassed in the second quarter of 2024. In the near term, vacancy will likely ease from the recent high as eight under-construction projects totaling 636,857 SF are already 86.9% preleased.

Historical Construction Deliveries, Net Absorption, and Vacancy

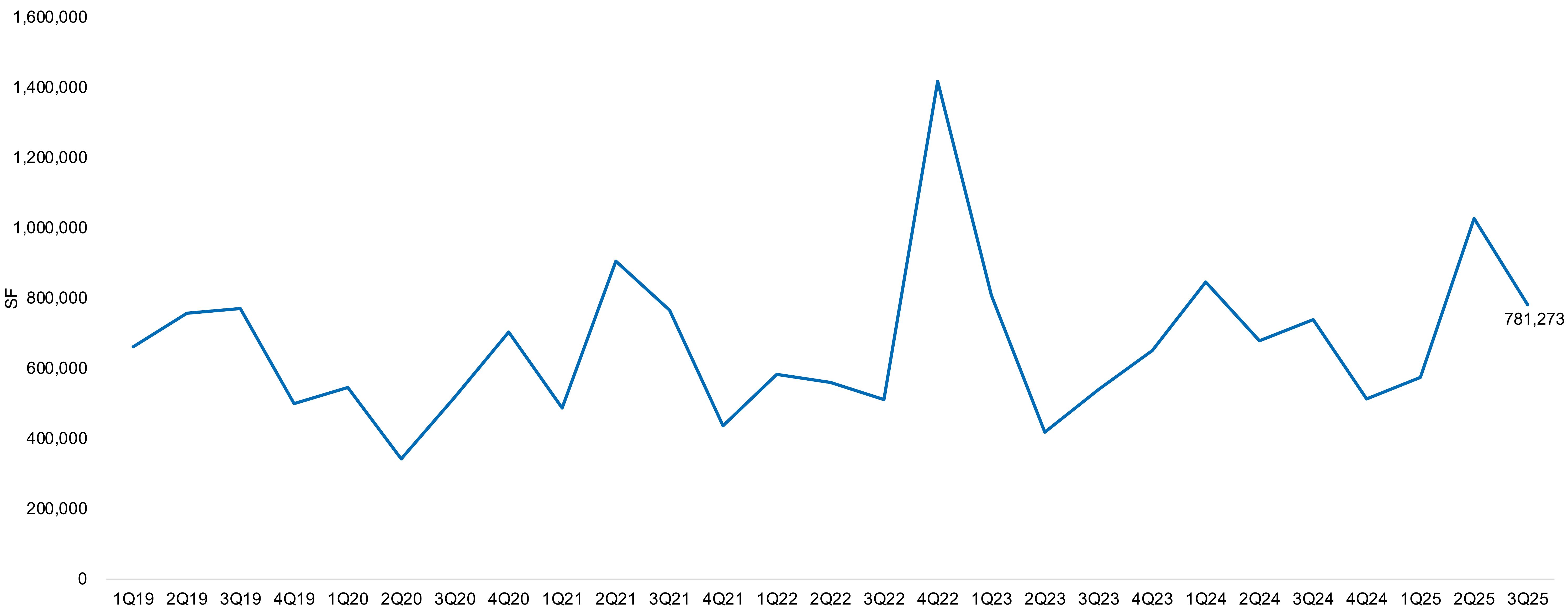


Source: Newmark Research, CoStar

Industrial Leasing Activity Remains High as Market Digests New Supply

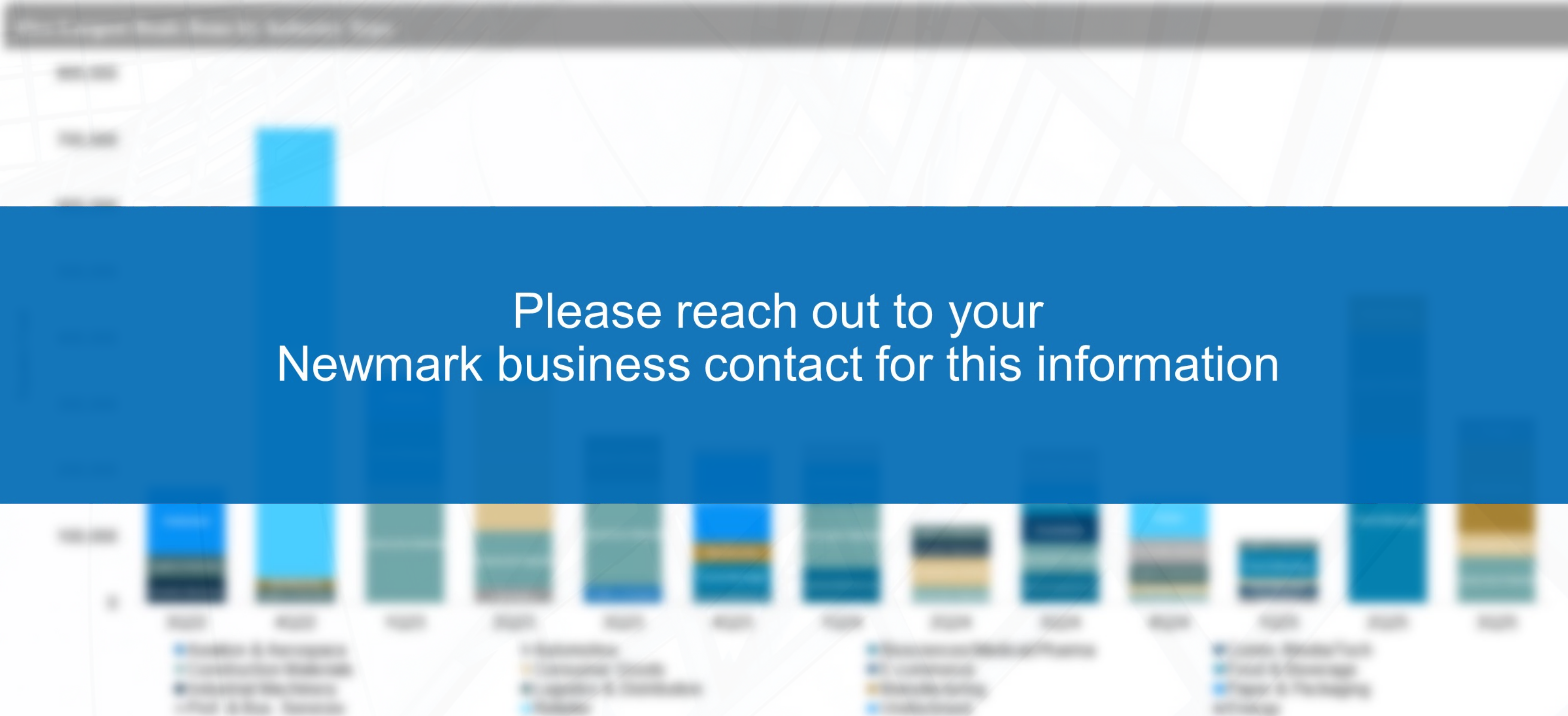
Leasing activity totaled 781,273 SF in the third quarter of 2025, reflecting a 23.9% decrease quarter over quarter, but a 5.7% increase year over year. Meanwhile, quarterly deal volume outpaced third-quarter average leasing activity from 2019 by 21.8%. The average deal size also increased 8.8% year over year by 456 SF, indicating solid demand for slightly larger spaces amid ongoing deliveries.

Total Leasing Activity (SF)



Source: Newmark Research, CoStar

Top-Deals Spotlight Mainstays Construction Material and Consumer Goods as Energy Debuts



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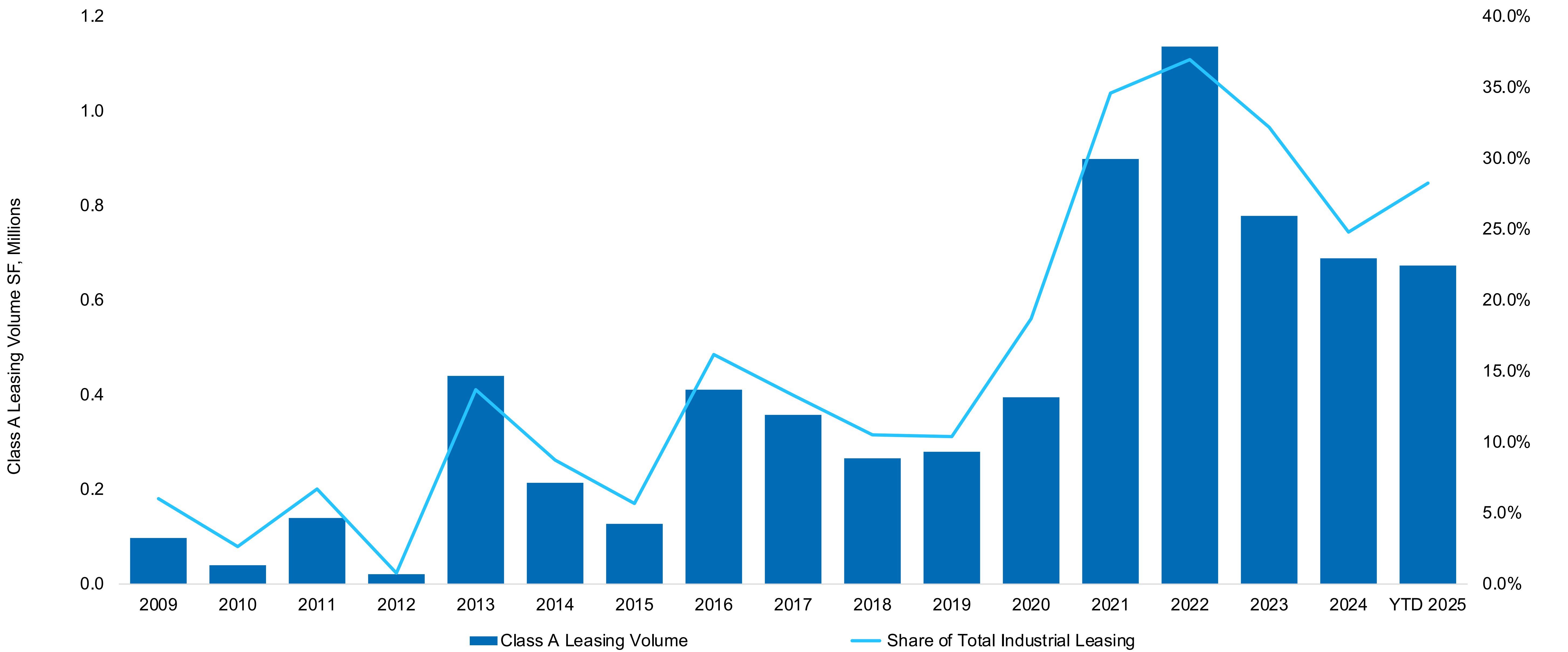
Year-to-Date Class A Warehouse Leasing Share Outpaces Full-Year 2024 Levels

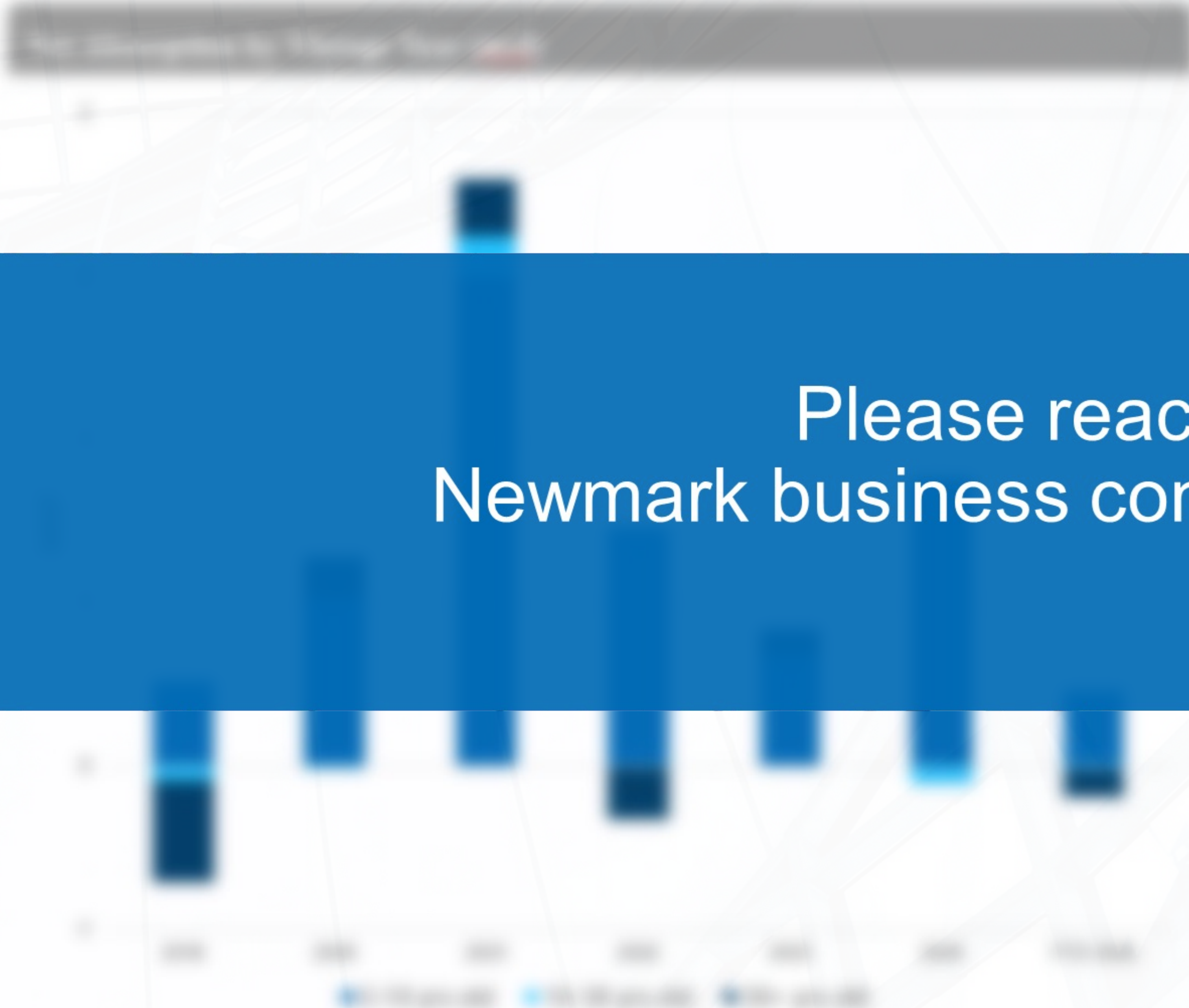
Class A leasing share is on track to break a two-year decline. As of the third quarter of 2025, year-to-date Class A volume accounts for 28.3% of leasing activity, up 346 basis points from 2024. Meanwhile, Class A leasing volume totaled 180,470 SF in the third quarter of 2025, down 60.2% quarter over quarter but up 234.2% year over year, reflecting the second-highest quarterly total since the first quarter of 2024. Notable activity includes a 75,982-SF lease at the newly delivered Egret Point Logistics Center, underscoring strong demand for new Class A product.

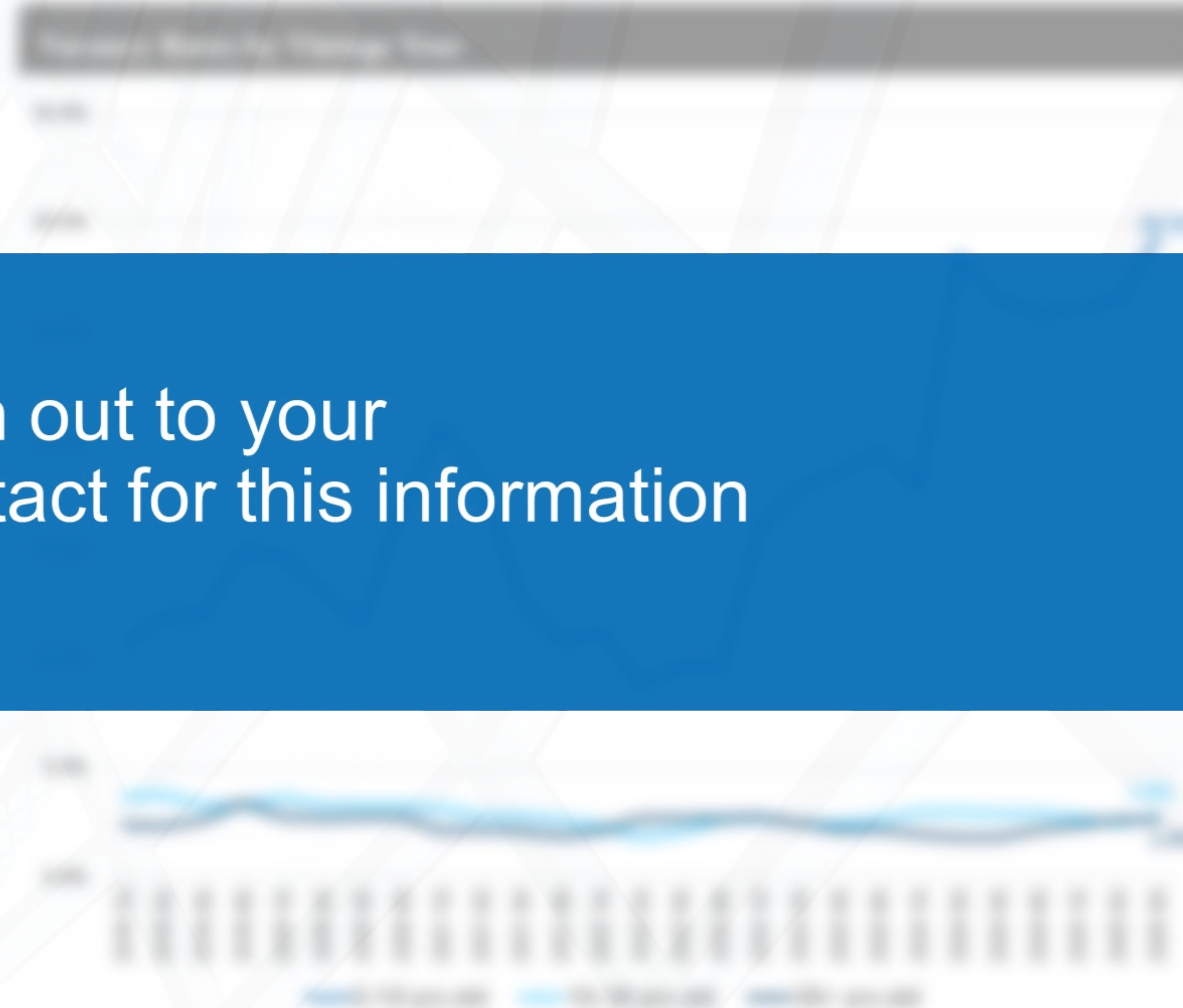
Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume



Source: Newmark Research, CoStar

Preference for Modern Industrial Buildings Drives Demand





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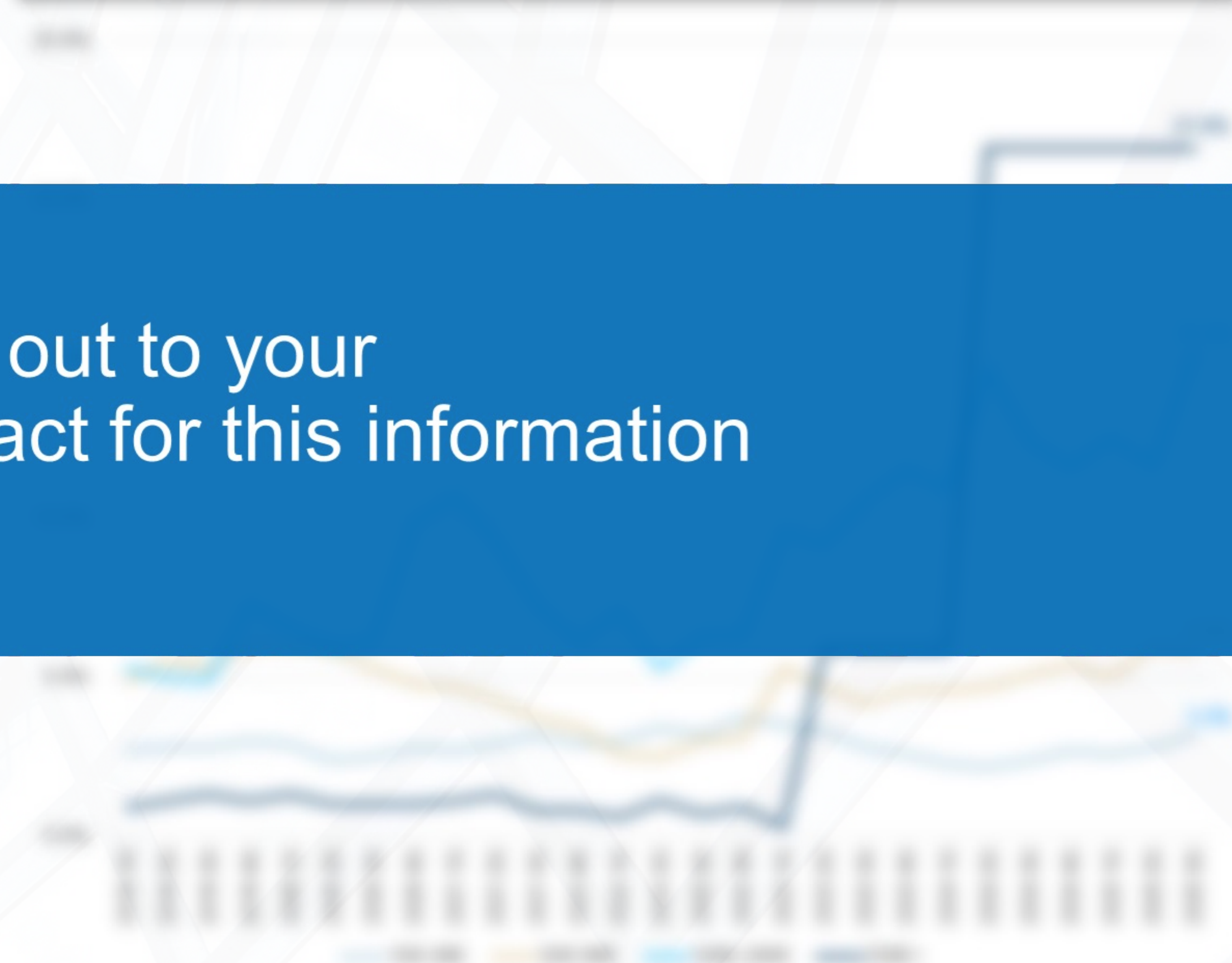
Mid-Size Buildings Drives Net Gains, While Big-Box Space Awaits Absorption



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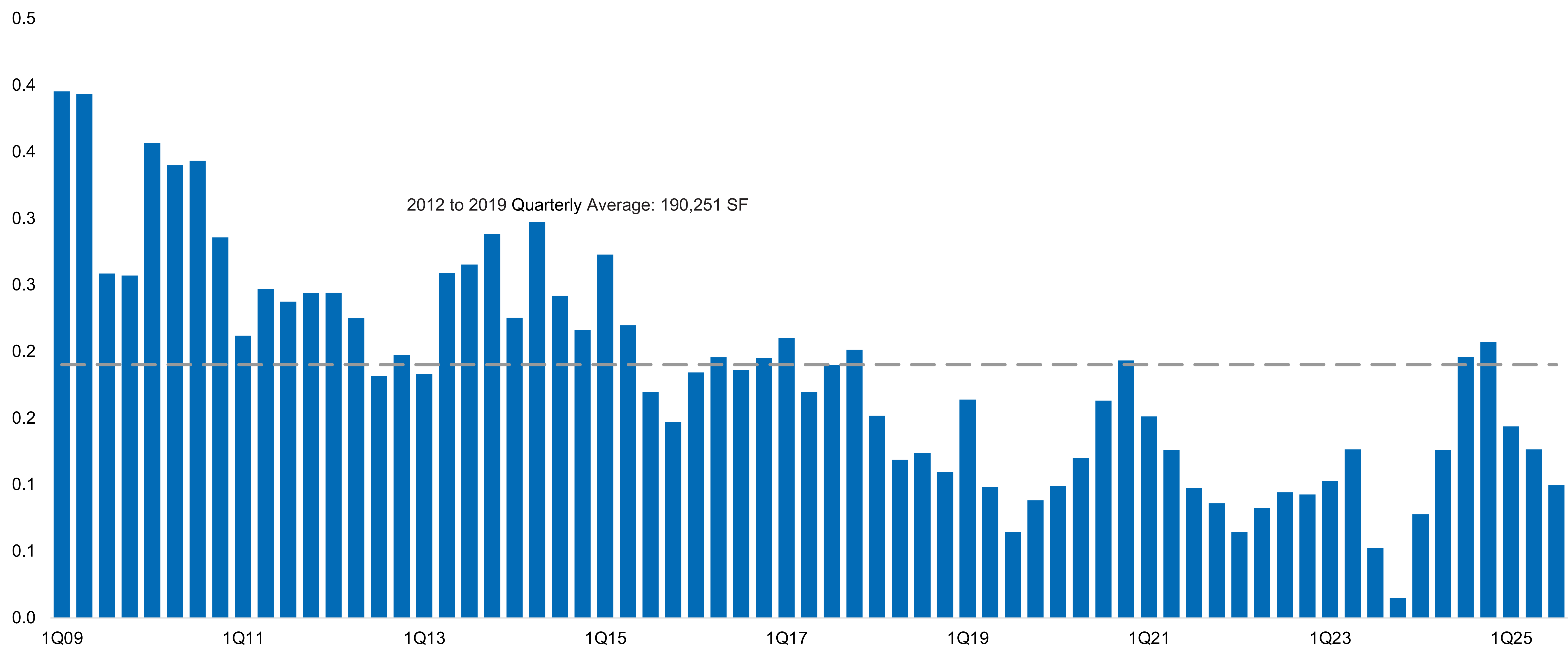
Industrial Sublease Availability Decreases for Third Consecutive Quarter

Sublease availability declined for the third consecutive quarter to 99,824 SF, the lowest level since the first quarter of 2024, and reflecting a decrease by 21.1% quarter over quarter and 49.1% year over year. Meanwhile, quarterly leasing activity for sublease spaces hit 37,974 SF, reflecting a 438.6% year-over-year increase. In turn this led the market's sublease availability to continue declining in the quarter and remain below the 2012 to 2019 quarterly average of 190,251 SF for the third consecutive quarter. More recently, the market has only surpassed the historical pre-pandemic benchmark three times since the fourth quarter of 2020, indicating a return to more typical sublease availability levels within the market.

Available Industrial Sublease Volume (msf)

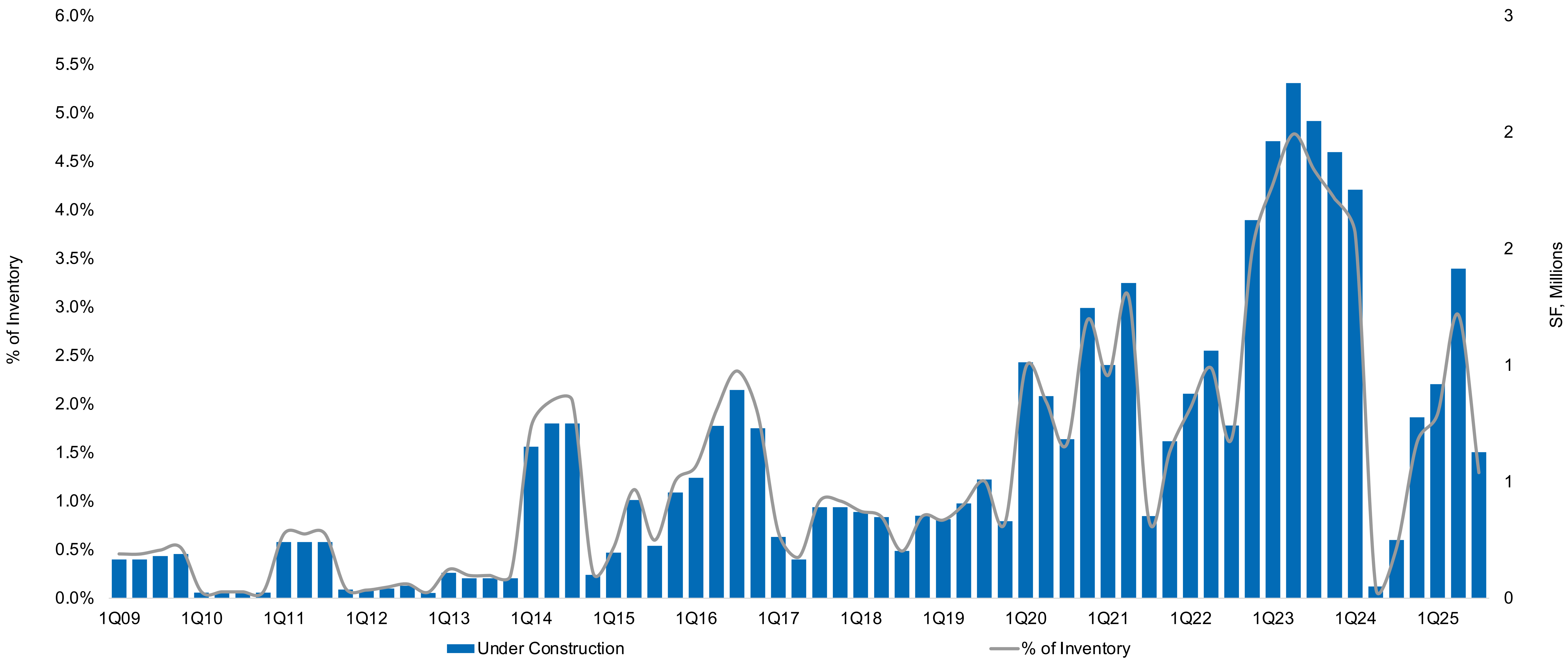


Source: Newmark Research, CoStar

First Break in Pipeline Growth Since 2024 Amid Heavy Third Quarter Delivery

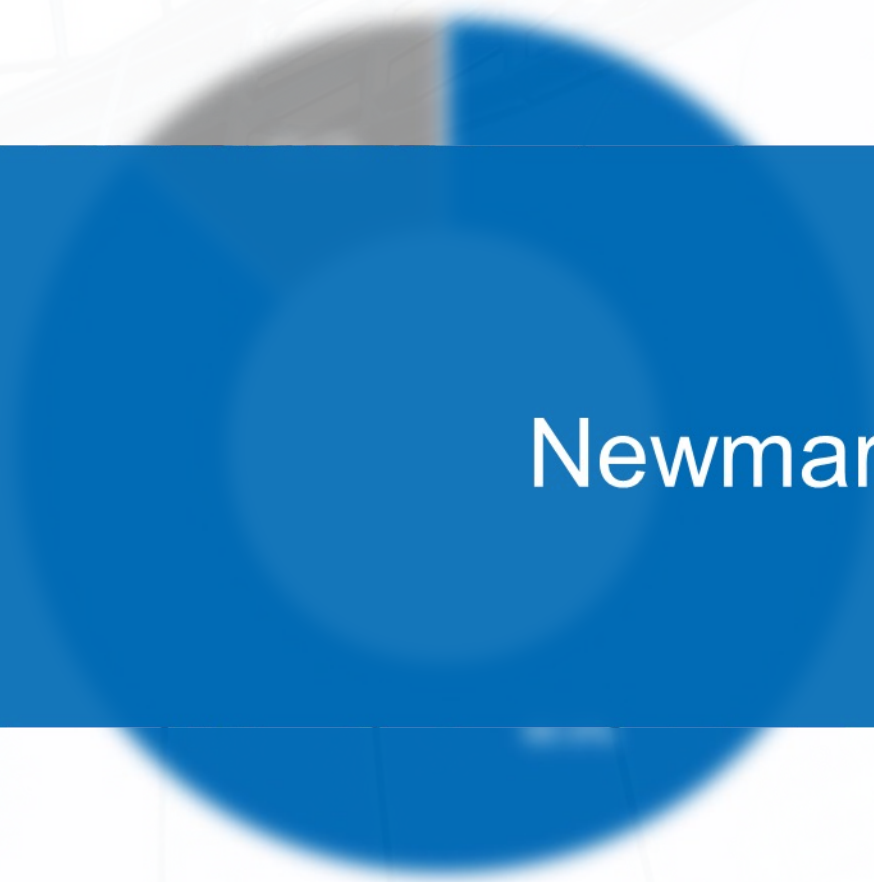
The third quarter of 2025 was the first time the under-construction pipeline contracted since mid-2024. Under construction activity reached 626,857 SF in the quarter, accounting for 1.3% of the market's inventory and reflecting a 163-basis-points decline of market share quarter over quarter. This indicates there is relatively low risk of overbuilding. Total space under construction is down 55.7% quarter over quarter, following the delivery of five projects in the third quarter of 2025, including the 457,396-SF Egret Point Logistics Center. Currently 86.9% of the pipeline is preleased and vacancy is expected to ease as future occupancies take place.

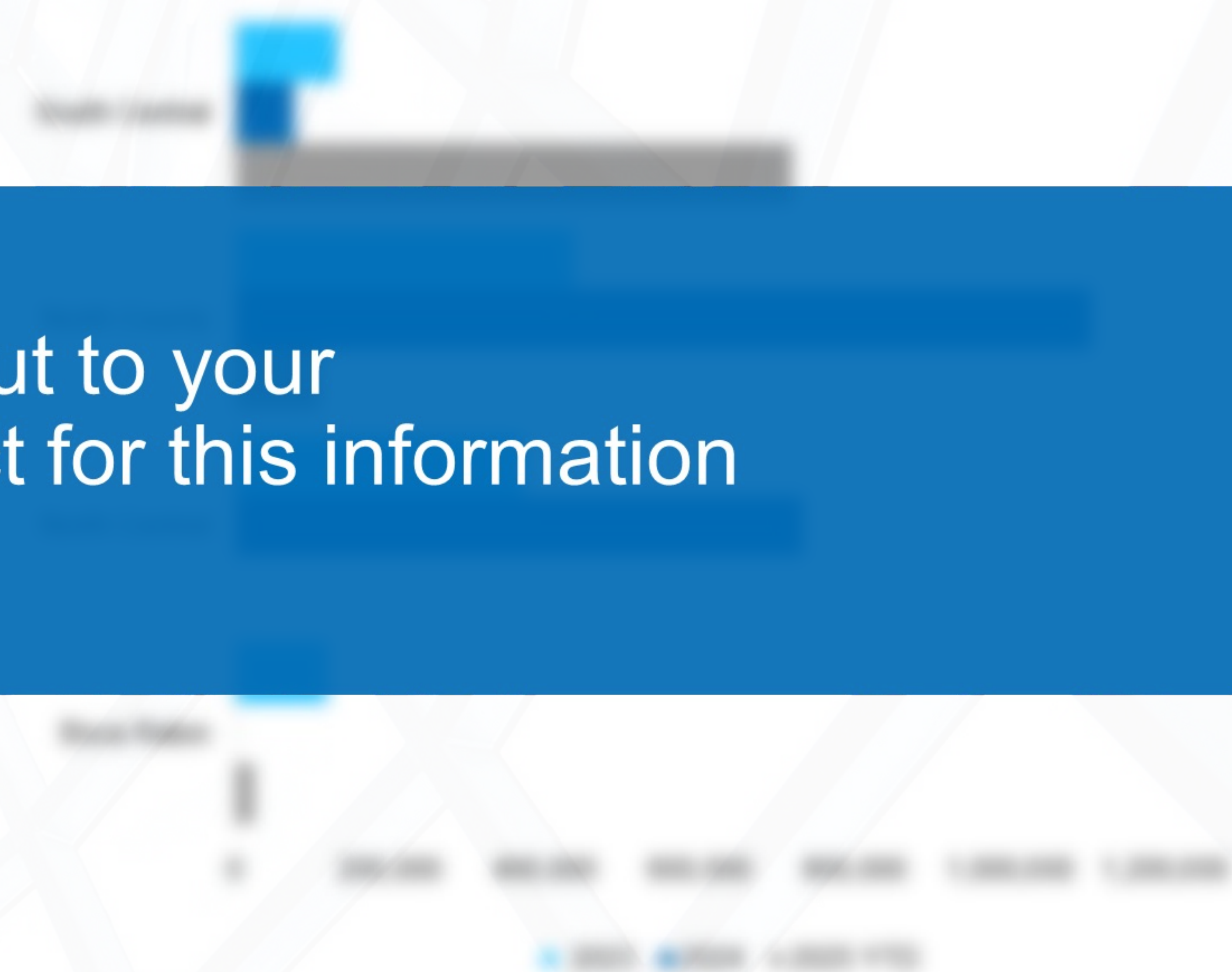
Industrial Under Construction and % of Inventory



Source: Newmark Research, CoStar

South Central Submarket Leads 2025 Deliveries, Commanding Nearly 87% of Market’s Construction Pipeline





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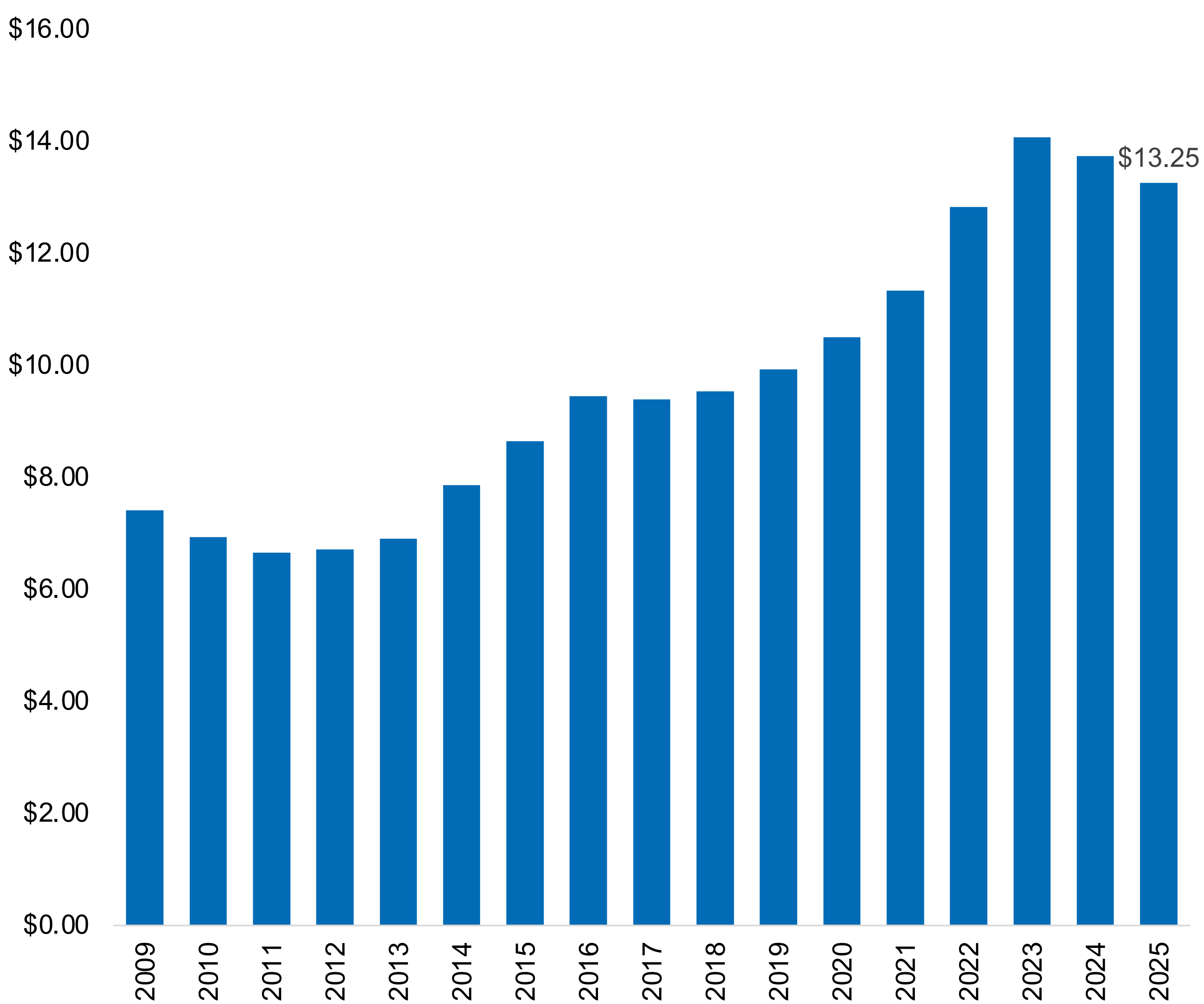
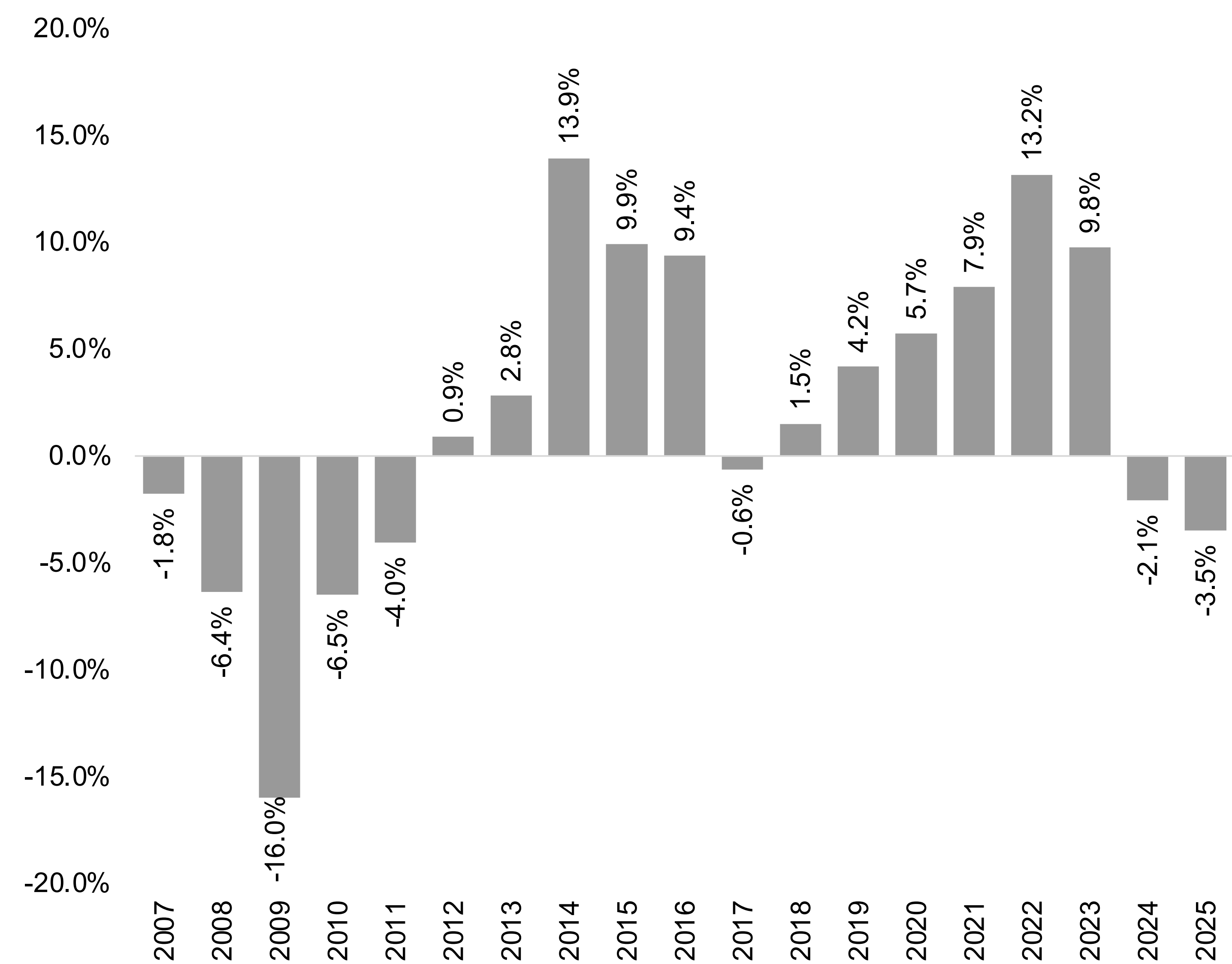
Asking Rents Continue Retreat from All-Time High Set in 2023

Industrial asking rents averaged $13.25/SF in the third quarter of 2025, down 3.9% quarter over quarter and 3.5% year over year, and 5.8% below the all-time high of $14.07/SF set at year-end 2023. Annual asking rent growth is on track to decline this year, marking a second consecutive contraction after six years of expansion. The slowdown began as the market became saturated with new supply pushing vacancy rates up. Asking rents are expected to remain flat amid softer demand and a heavily preleased pipeline at 86.9%, which limits the availability of new product to drive average asking rent increases at delivery.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 3Q25 Lease Transactions

In the third quarter of 2025 leasing activity registered 781,273 SF, reflecting a 23.9% quarter-over-quarter decrease, but increased by 5.7% year over year. While Class A's share of total leasing activity volume slipped 2,107 basis points from last quarter to 23.1%, Class A still accounted for four of the five top transactions—all direct new leases—signaling sustained demand for quality space within the market.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Premium Absorbent Disposables	Egret Point Logistics Center	South Central	Direct New	75,982
Premium Absorbent Disposables better known as Tite-Dri is a manufacturer of pads for the food packaging industry, will be among the first tenants at the newly delivered 457,396-SF Egret Point Logistics Center. The company currently occupies a 33,016-SF facility at 1480 SW 30th Ave, about a mile away, with this move likely an expansion.				
Suncrest	Lewis Terminals	North Central	Renewal	69,500
Suncrest, a flooring manufacturer and supplier will continue to call the property at 1701 Australian Ave their headquarters, after signing a renewal for the entire building.				
Severen	Prologis Airport Center	North Central	Direct New	60,667
Severen has signed a direct new lease to occupy close to a third of the Prologis Airport Center 199,274-SF facility.				
Ampera	358 Hiatt Drive	North County	Direct New	38,723
Ampera, an energy startup dedicated to transforming how the world generates power through advanced nuclear design, next-generation manufacturing, and materials innovation, signed a direct lease at the 50,022-SF building with plans to move in the fourth quarter of 2025.				
Scopes	100 Aldi Way	North Central	Direct New	35,540
Scopes is connected to Fiber Tech Medical, a third-party endoscope service company. With Fiber Tech located just six miles from this facility at 3161 Fairlane Farms, this signing may signal a potential expansion.				

Source: Newmark Research

3Q25 South Florida Industrial Market Overview

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Palm Beach Industrial Submarket Overview

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Palm Beach Industrial Market

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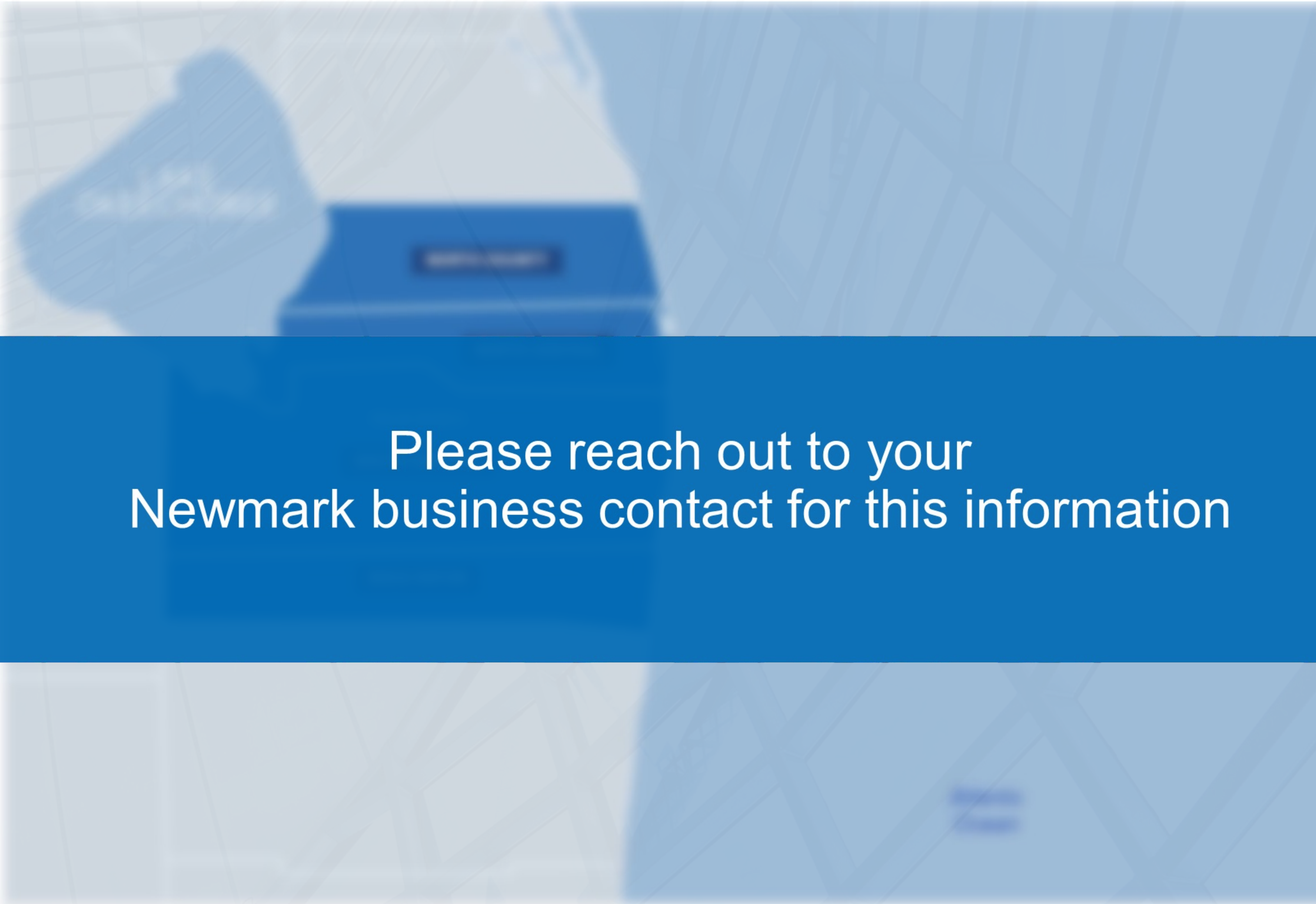
Palm Beach Industrial Submarket Map



Please reach out to your
Newmark business contact for this information

For more information:

Christopher Bryant
Senior Research Analyst
christopher.bryant@nmrk.com

Alain Perez
Senior Research Analyst
alain.perez@nmrk.com

Ching-Ting Wang
Head of Southeast Research
chingting.wang@nmrk.com

Miami
1111 Brickell Ave
Suite 2000
Miami, FL 33131
t 305-350-0915

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

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Newmark 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 Research Reports are available at nmrk.com/insights.

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