NEWMARK

Market Overview

Palm Beach Industrial

4Q25

NMRK.COM

Market Observations

Economy

- The unemployment rate rose by 18 basis points quarter over quarter and 43 basis points year over year to 3.9% but remains well below the national average of 4.4%.
- Job growth slowed to 0.8% year over year, just one basis point above the national average, driven by job losses across all three office-using sectors in the market.
- Four of the ten major employment sectors posted year over year job growth, led by the education and health industry, which recorded a 6.1% annual increase.
- Overall industrial-using employment contracted. Trade/transportation/utilities was the only such sector to expand, reflecting 0.2% growth. Meanwhile, employment in the manufacturing and mining and construction and manufacturing sectors declined by 0.4% and 1.5%, respectively.

Leasing Market Fundamentals

- In the fourth quarter of 2025, the Palm Beach industrial market reported 203,099 SF of positive net absorption, bringing year-to-date demand to positive 435,722 SF.
- Overall rental rates decreased by 1.2% both quarter over quarter and year over year to $13.12/SF and are expected to remain elevated, although the pace of growth will flatten in the near term as demand catches up to supply.
- The construction pipeline remained unchanged quarter over quarter, with 706,392 SF currently underway.
- With demand outpacing supply, vacancy rates declined by 50 basis points quarter over quarter to 8.1%. As demand slowly catches up to supply, vacancy is expected to remain elevated in the short term before decreasing.

Major Transactions

- Vetio Animal Health signed the largest deal of the fourth quarter at the Jupiter Logistics Center, securing 102,960 SF of Class A industrial space.
- The two largest leases by square footage took place in the Palm Beach City submarket, indicating increased tenant demand for space in the areas immediately surrounding Palm Beach proper.
- All five of the top deals signed during the quarter were new leases, highlighting demand for space in the market.
- Overall leasing activity decreased quarter over quarter to 781,273 SF, while the average deal size increased by 6.7%.

Outlook

- The Palm Beach industrial market will see a decline in new supply in the near-term as only 1.5% of the market's total inventory is under construction.
- Vacancy rates are expected to remain elevated in the near-term as demand remains relatively muted.
- Midsize buildings, those between 100,000 and 249,000 SF, is expected to continue driving leasing absorption.
- Asking rents are likely to continue easing in the near term amid elevated availability and softening demand.

Table of Contents

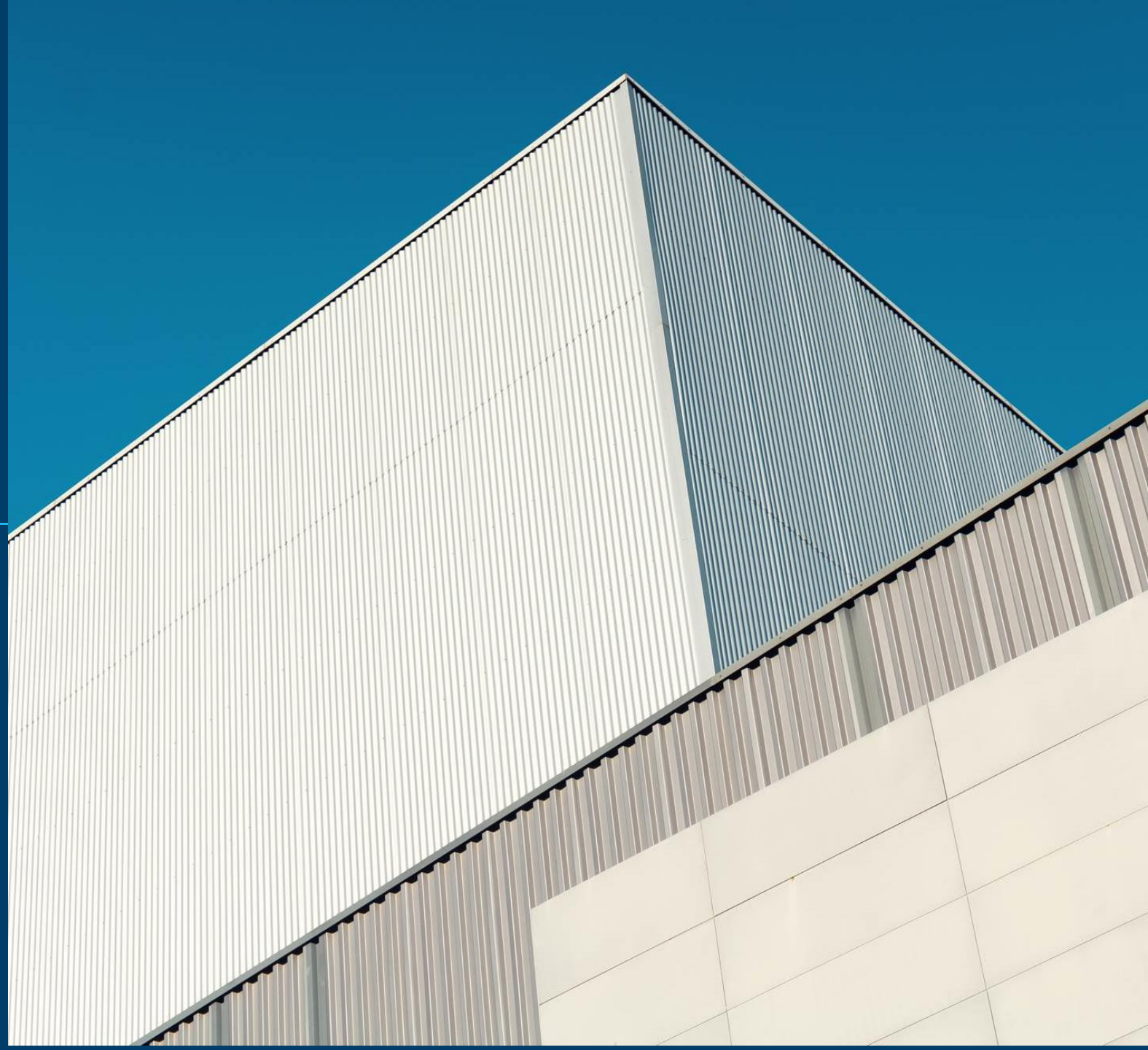
Economy 04

Debt/Capital Markets 09

Leasing Market Fundamentals 12

01

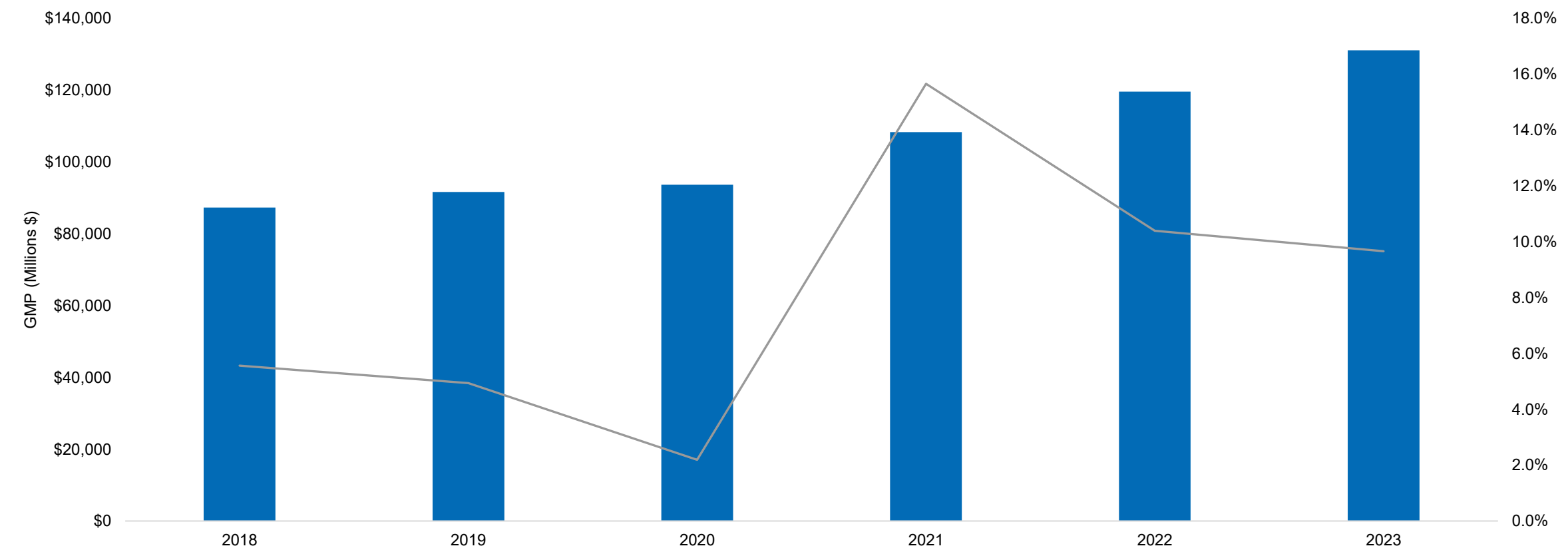
Economy



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

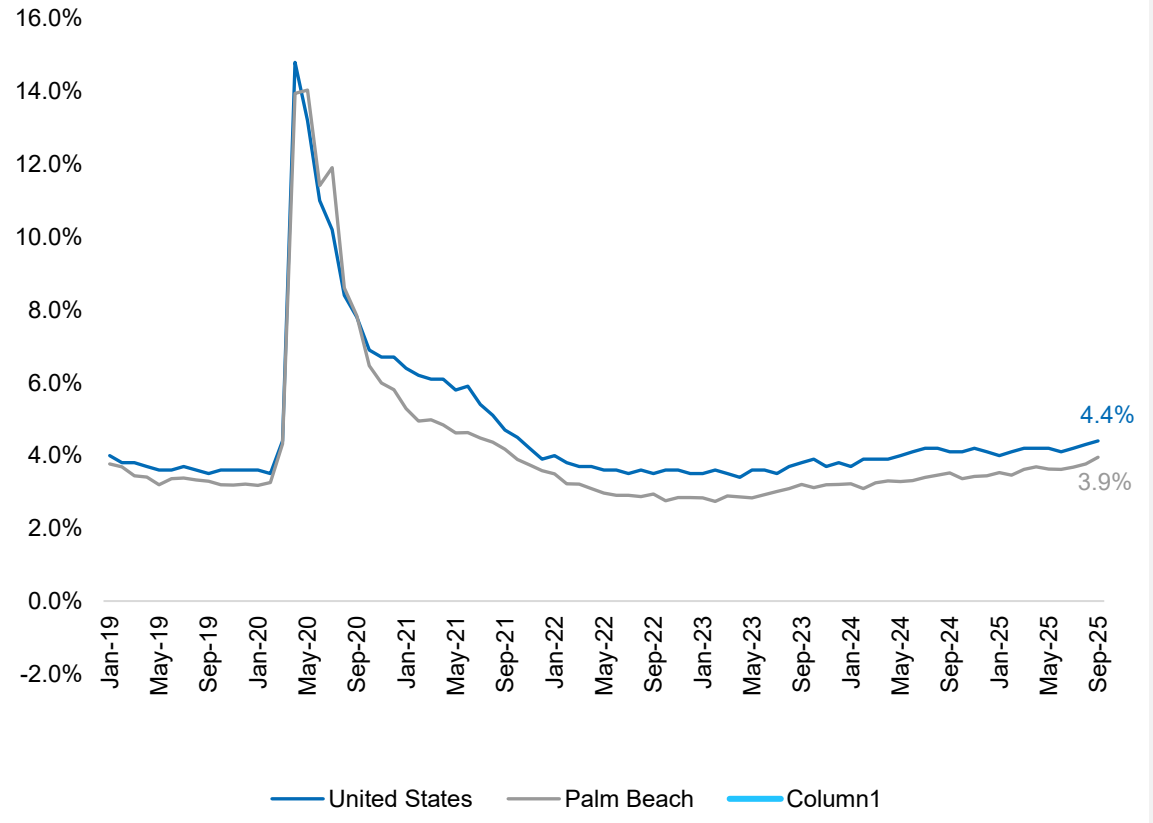


Source: Moody's Analytics

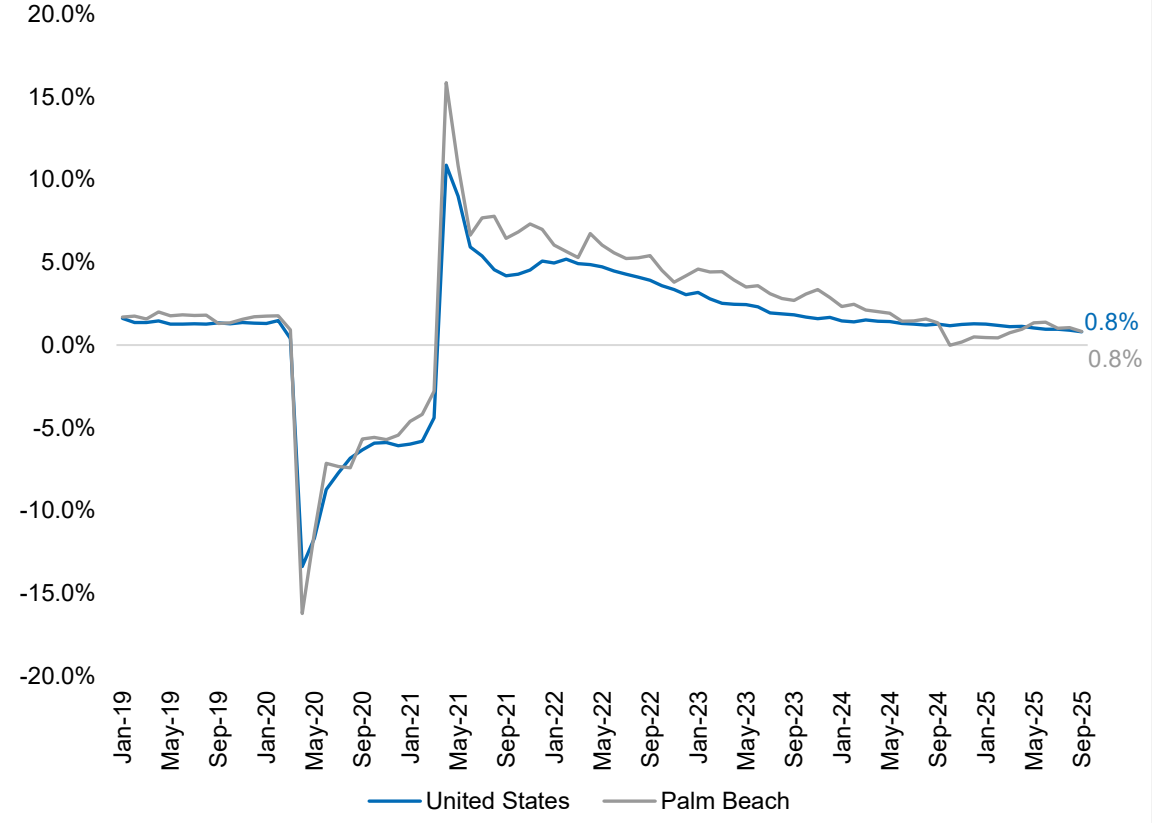
Despite a Slight Uptick in Unemployment, Job Growth Remains Positive

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 moderated employment growth in the local labor market. As of September 2025, Palm Beach County's unemployment rate was 3.9%, remaining 45 basis points below the national rate but 43 basis points higher year over year. Meanwhile, employment growth slowed 51 basis points year over year to 8.0%, matching the national rate. From October 2024 through April 2025, Palm Beach employment growth fell below that of the United States, before rebounding and outperforming the national average in each of the prior four months.

Unemployment Rate, Seasonally Adjusted



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

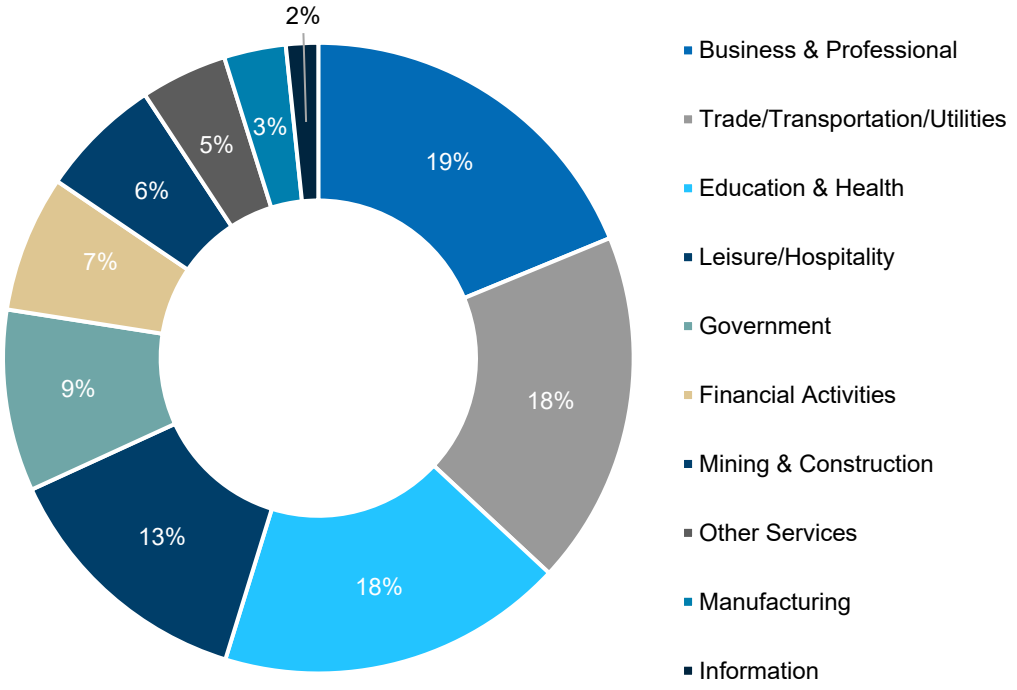


Source: U.S. Bureau of Labor Statistics, Palm Beach County

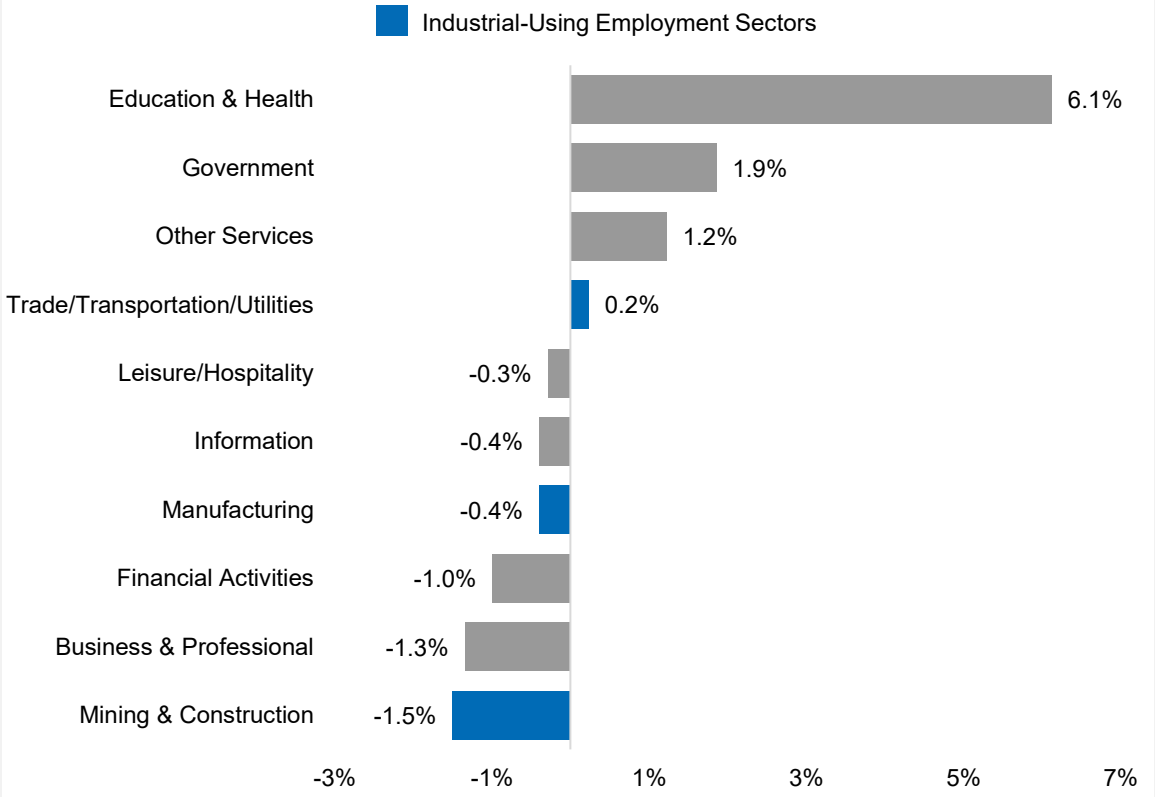
Annual Industrial-Using Employment Growth Declines

The two largest employment industries in Palm Beach account for 36.9% of the metro's job base. Business and professional services leads the way with 18.8% of jobs, while the trade/transportation/utilities sector accounts for 18.2% of total employment. Of the three industrial using industries, only trade/transportation/utilities experienced growth, reporting a 0.2% increase year over year. The other two industrial-using sectors, manufacturing and mining and construction, both contracted annually, posting -0.4% and -1.5% growth, respectively.

Employment by Industry, September 2025



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

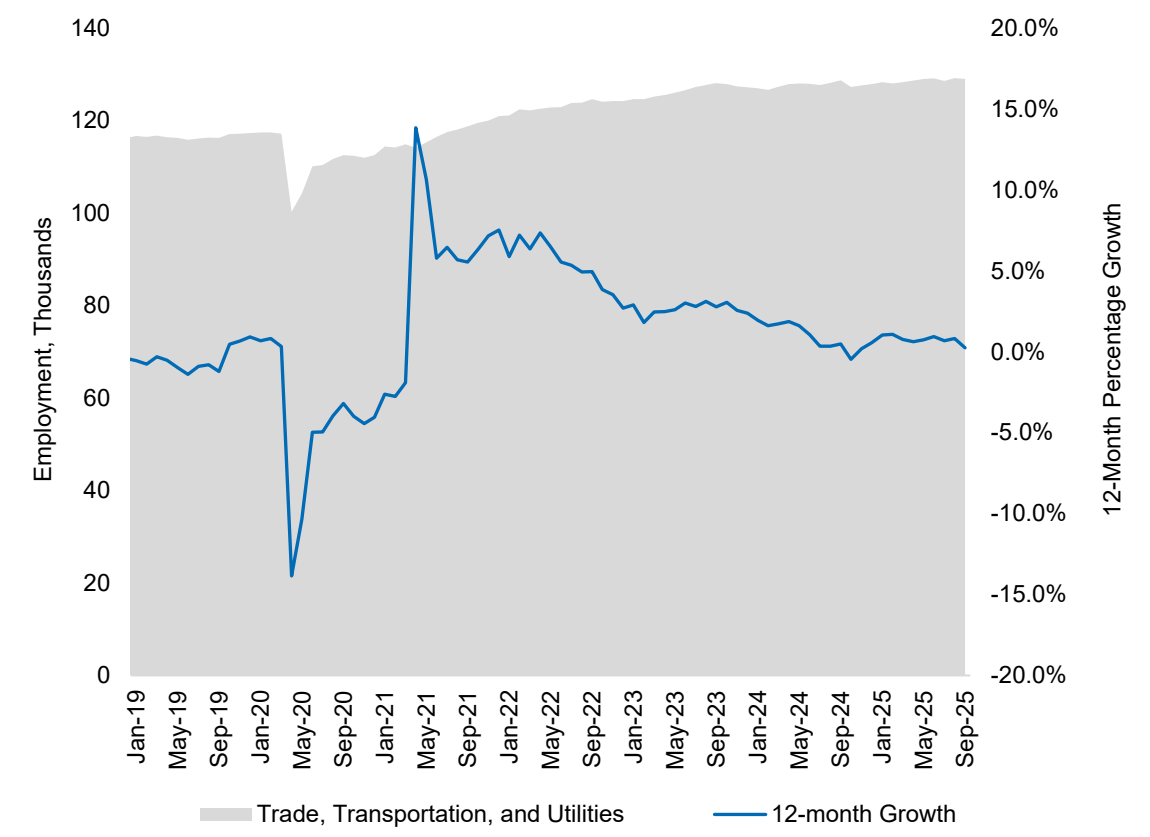


Source: U.S. Bureau of Labor Statistics, Palm Beach County

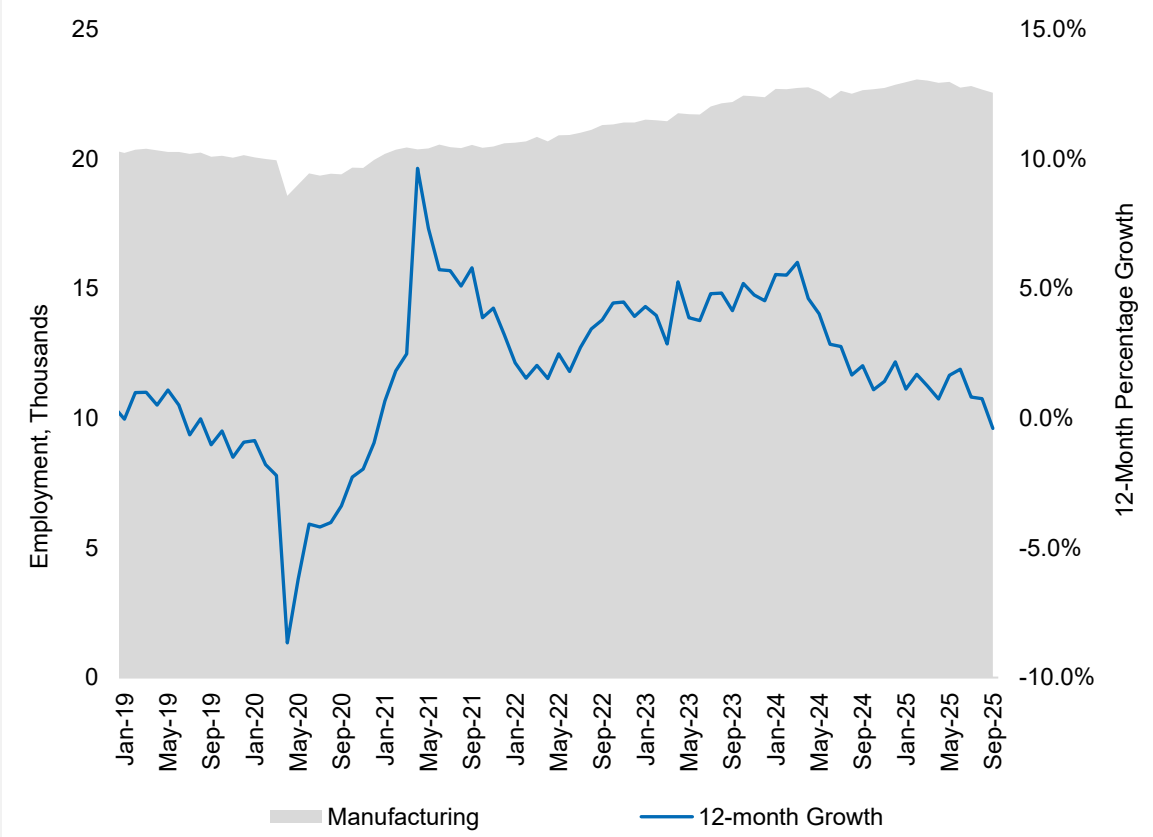
Industrial Employment Remains Elevated Despite Recent Contraction

As of September 2025, trade/transportation/utilities employment reported growth of 0.2% year over year and consists of 129,006 jobs, sitting just 0.1% below the all-time high reached the month prior. Meanwhile, employment growth pace is 30 basis points higher than the growth reported in September 2024. Employment in the manufacturing sector during the same period declined by 0.4% and is currently 2.2% below the all-time high reported in February 2025. Overall, both sectors continue to operate at elevated employment levels and while manufacturing employment growth declined by 115 basis points, total jobs in the sector remain elevated at 22,555 jobs.

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 County

02

Debt/Capital Markets

Highest Loan Volume Due in 2026

Please reach out to your
Newmark business contact for this information

Source: RCA, Newmark Research

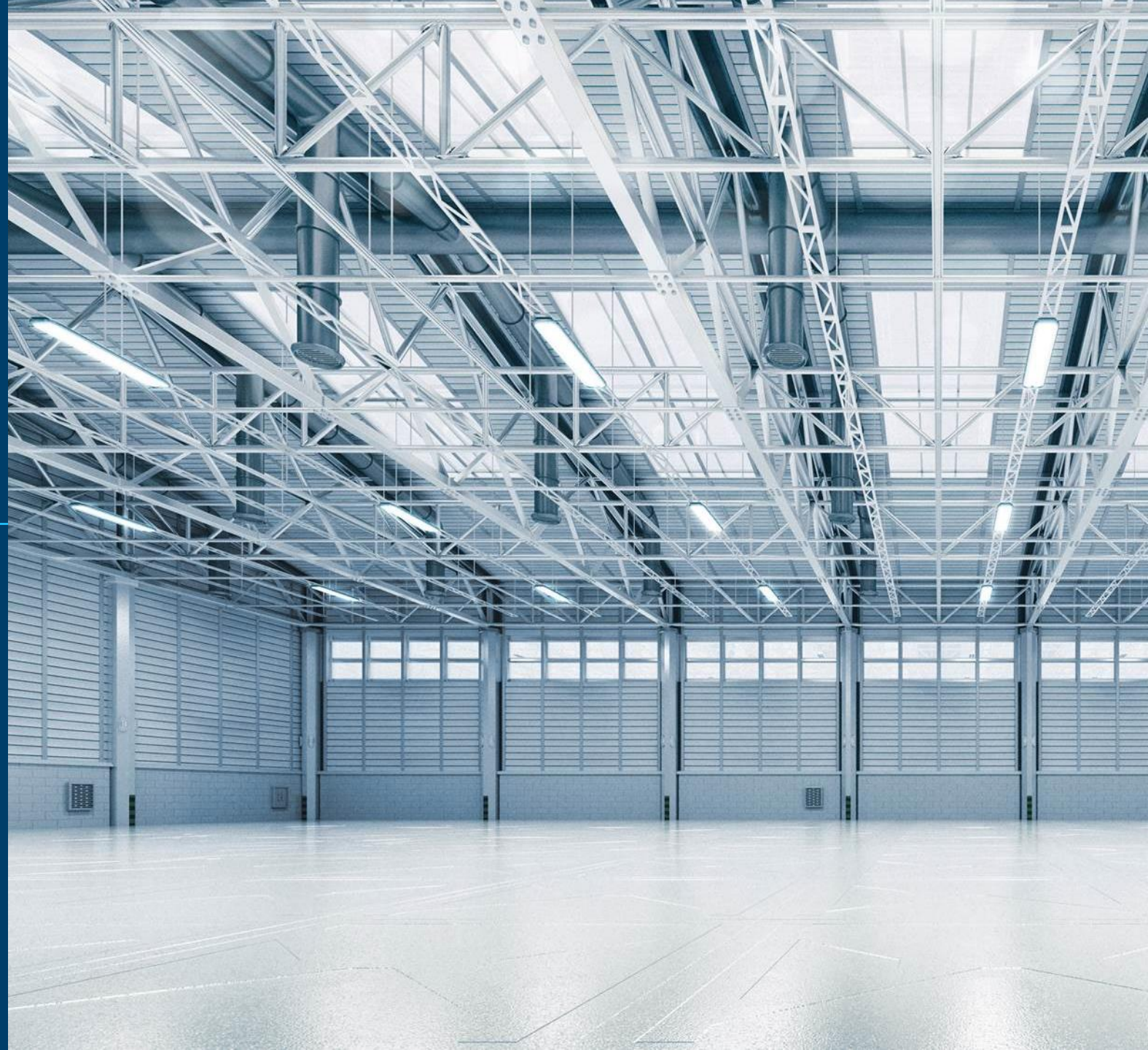
Multifamily Maturities Elevated Through 2029, Industrial Exposure Remains Modest

Please reach out to your
Newmark business contact for this information

Source: RCA, Newmark Research

03

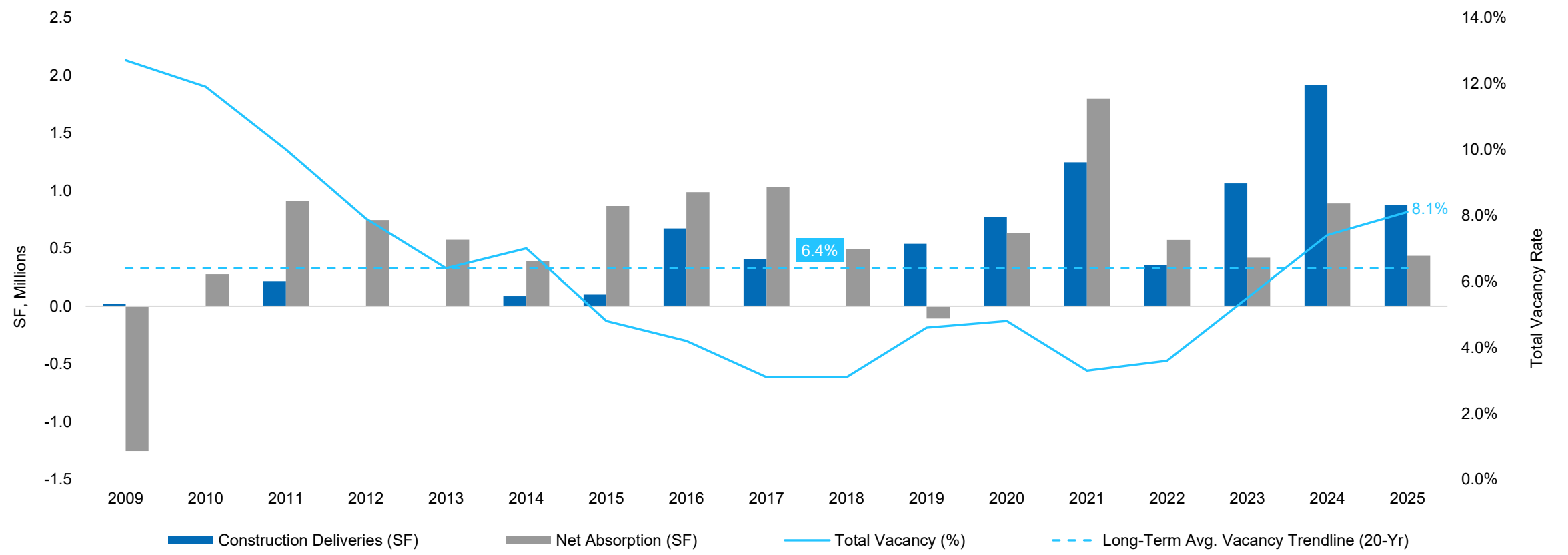
Leasing Market Fundamentals



Vacancy Eases from Recent High as Demand Outpaces Supply in the Fourth Quarter

In the fourth quarter of 2025, the Palm Beach industrial market recorded 203,099 SF of positive absorption, just shy of the five-year average of 205,796 SF. Meanwhile, there were no deliveries during the quarter. As a result of demand outpacing during the fourth quarter of 2025, the vacancy rate declined by 50 basis points quarter over quarter to 8.1%. Despite the quarterly decline, vacancy increased by 70 year over year and is well above the 20-year trend of 6.4%. 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

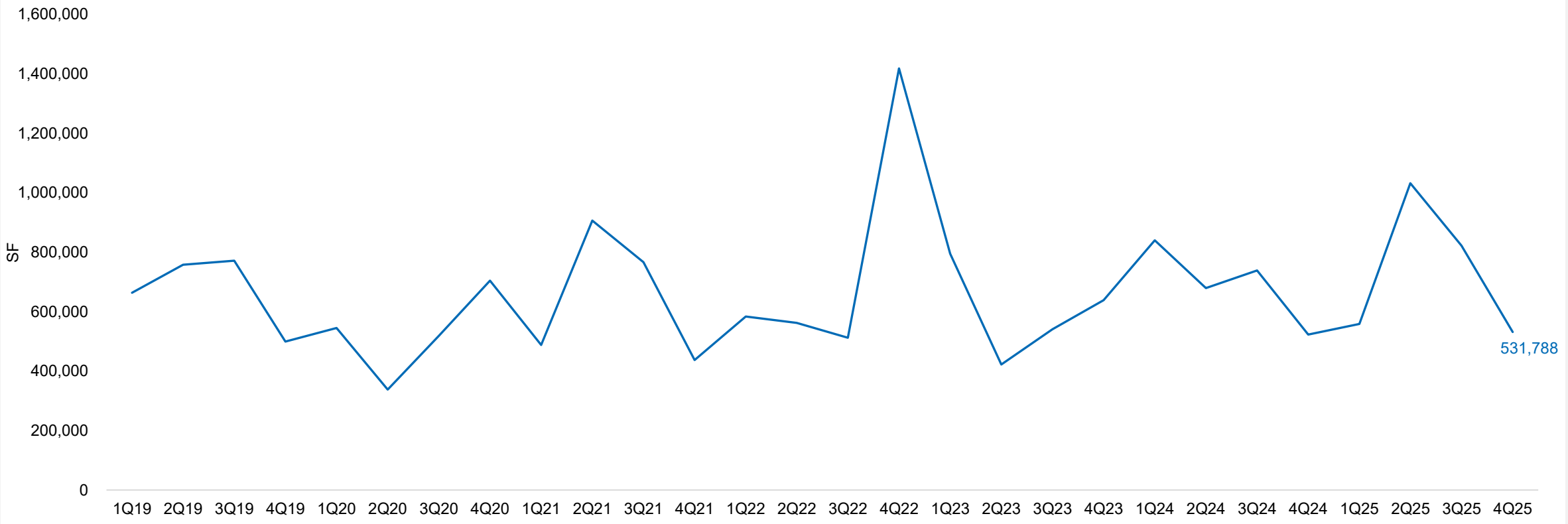


Source: Newmark Research, CoStar

Leasing Volume Declines Following Two Quarters of Elevated Activity

Leasing activity in the Palm Beach industrial market totaled 531,788 SF during the fourth quarter of 2025, reflecting a 35.3% decrease quarter over quarter, but a 1.7% increase year over year. Total leasing volume for the quarter was 25.1% lower than the five-year fourth quarter average of 709,692. Average deal size also decreased by 6.7% year over year, indicating that tenant demand is shifting towards smaller spaces.

Total Leasing Activity (SF)



Source: Newmark Research, CoStar

Consumer Goods Among Biggest Leases of the Quarter

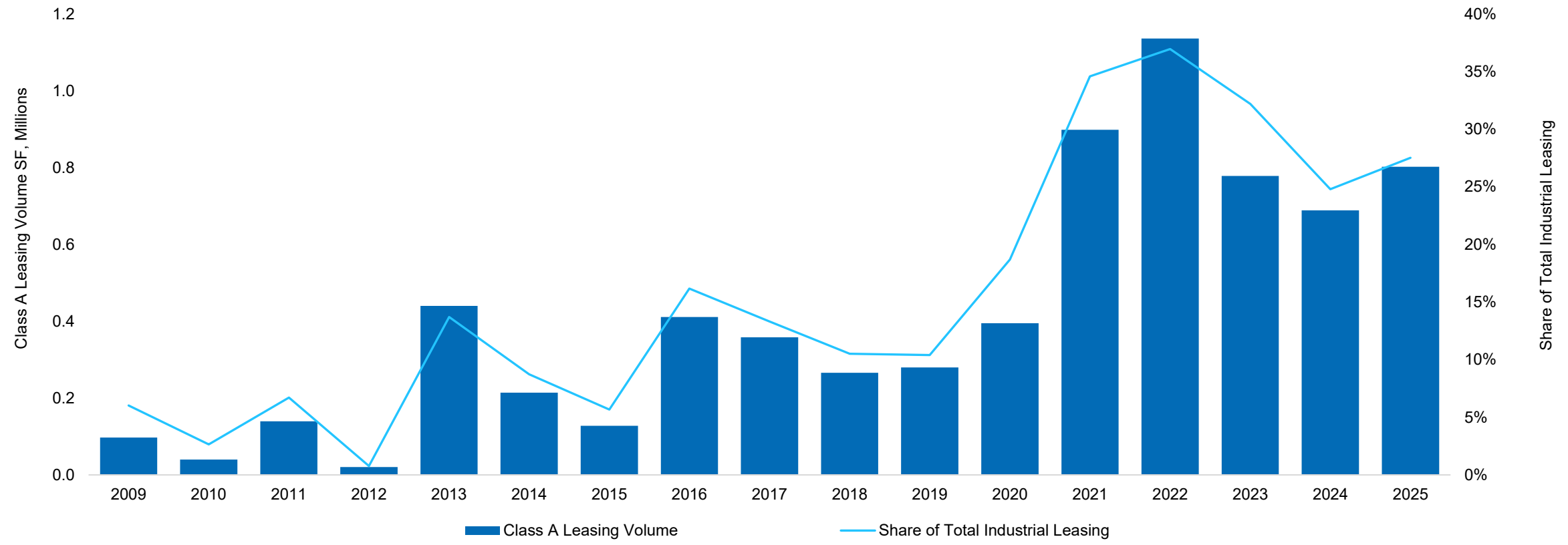
Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

Annual Class A Leasing Activity Grows

Class A leasing activity in the Palm Beach industrial market totaled 128,960 during the fourth quarter of 2025, reflecting a 28.5% decrease quarter over quarter. On an annual basis however, volume increased by 16.5% to 802,210 SF. Additionally, the 802,210 SF of Class A space leased during 2025 accounted for 27.5% of total leasing activity for the year, a 270-basis-point increase year over year. Notable leasing activity during the quarter includes a 102,960-SF lease signed at the Jupiter Logistics Center, highlighting preference for Class A industrial space.

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



Source: Newmark Research, CoStar

Preference for Modern Industrial Buildings Drives Demand

Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

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

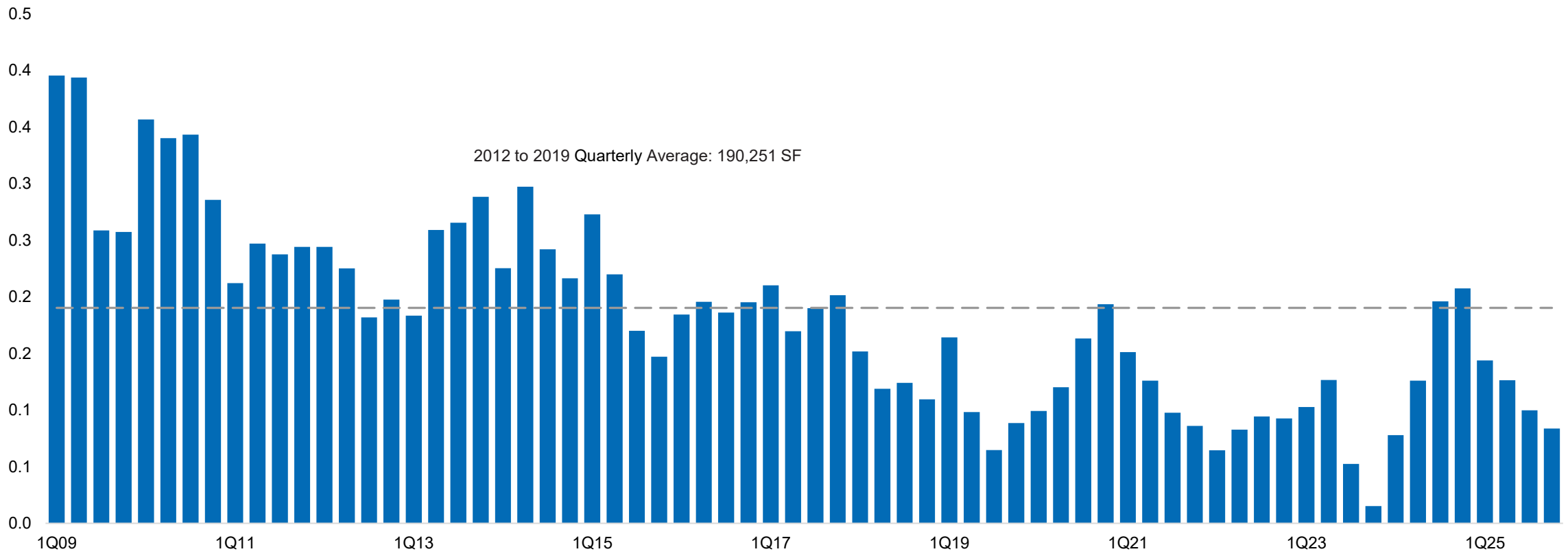
Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

Industrial Sublease Availability Decreases for Fourth Consecutive Quarter

Sublease availability in the Palm Beach market declined for the fourth consecutive quarter to 83,797 SF, the lowest level since the first quarter of 2024, and reflecting a 16.1% decrease quarter over quarter and 59.6% year over year. Meanwhile, there was 16,683 SF of sublease space leased during the quarter, compared to 99,824 SF in the prior quarter. This led the market's sublease availability to continue declining and remain below the 2012 to 2019 quarterly average of 190,251. 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)

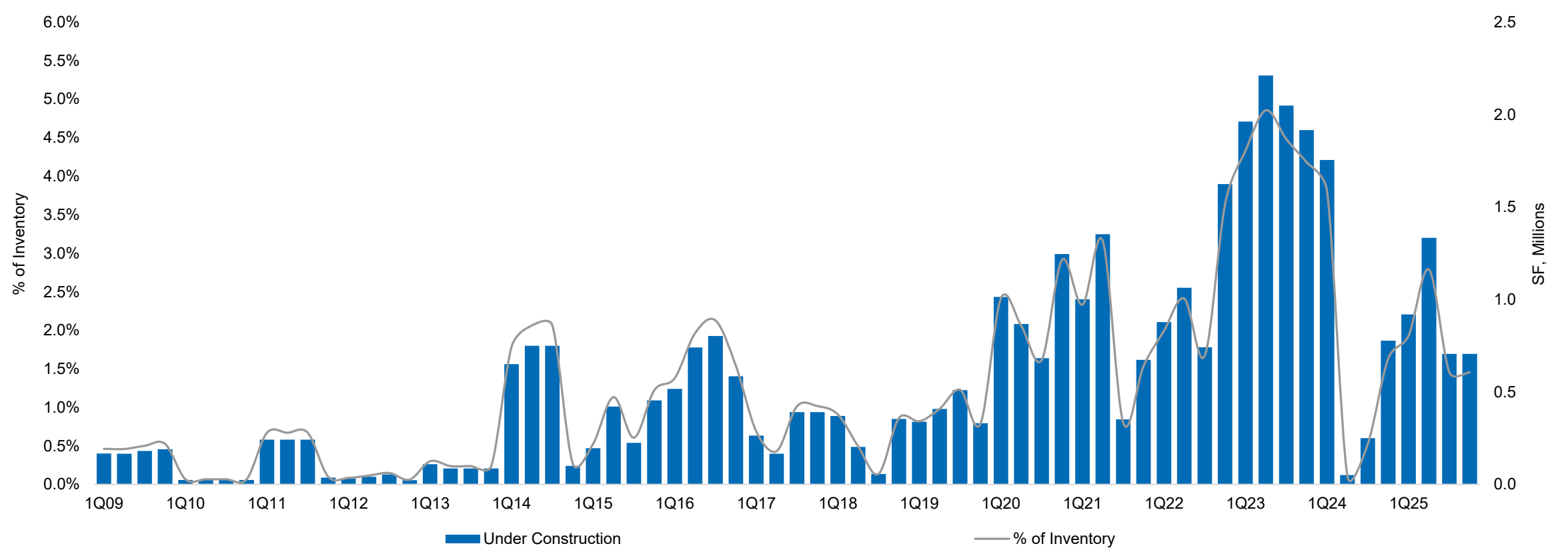


Source: Newmark Research, CoStar

Construction Pipeline Remains Unchanged Quarter Over Quarter

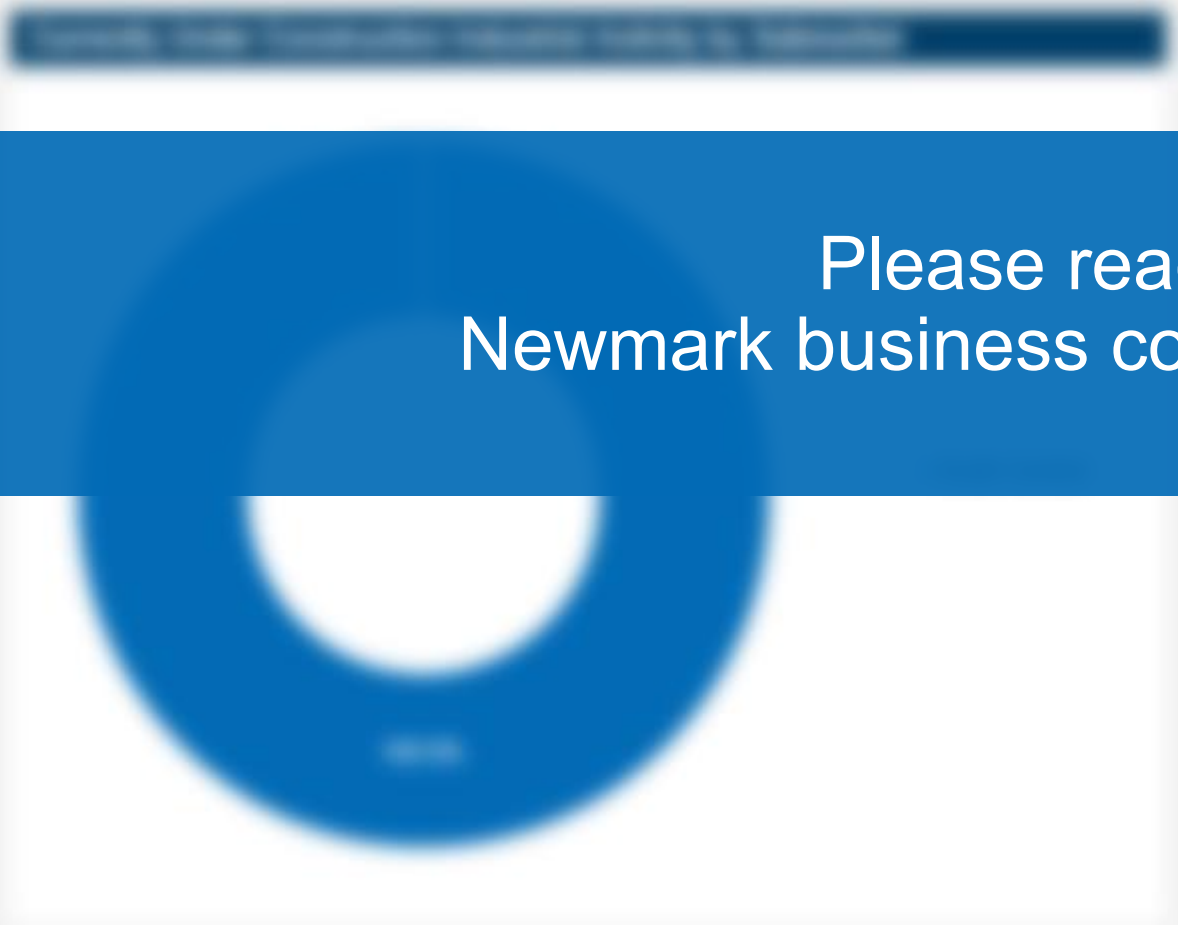
As of the fourth quarter of 2025, the under-construction pipeline consists of 706,392 SF, accounting for 1.5% of the market's total inventory. Total space under construction remained unchanged quarter over quarter, following the delivery of five projects in the third quarter of 2025, including the Egret Point Logistics Center, a two-building industrial park totaling 457,396 SF. Additionally, 43.6% of space under construction has been pre-leased, indicating that leasing activity is keeping pace with new construction.

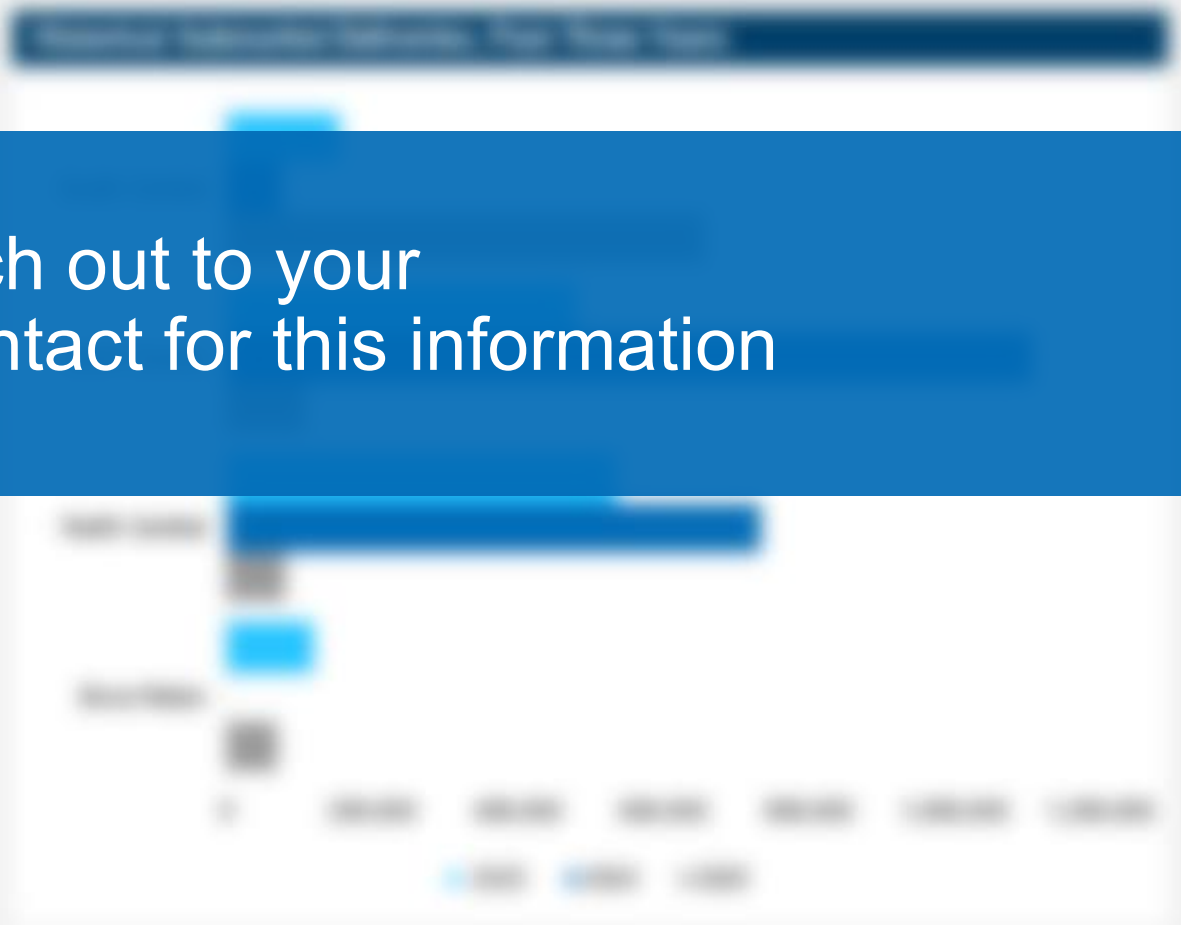
Industrial Under Construction and % of Inventory



Source: Newmark Research, CoStar

South Central Submarket Leads 2025 Deliveries, Makes Up Entirety of Construction Pipeline





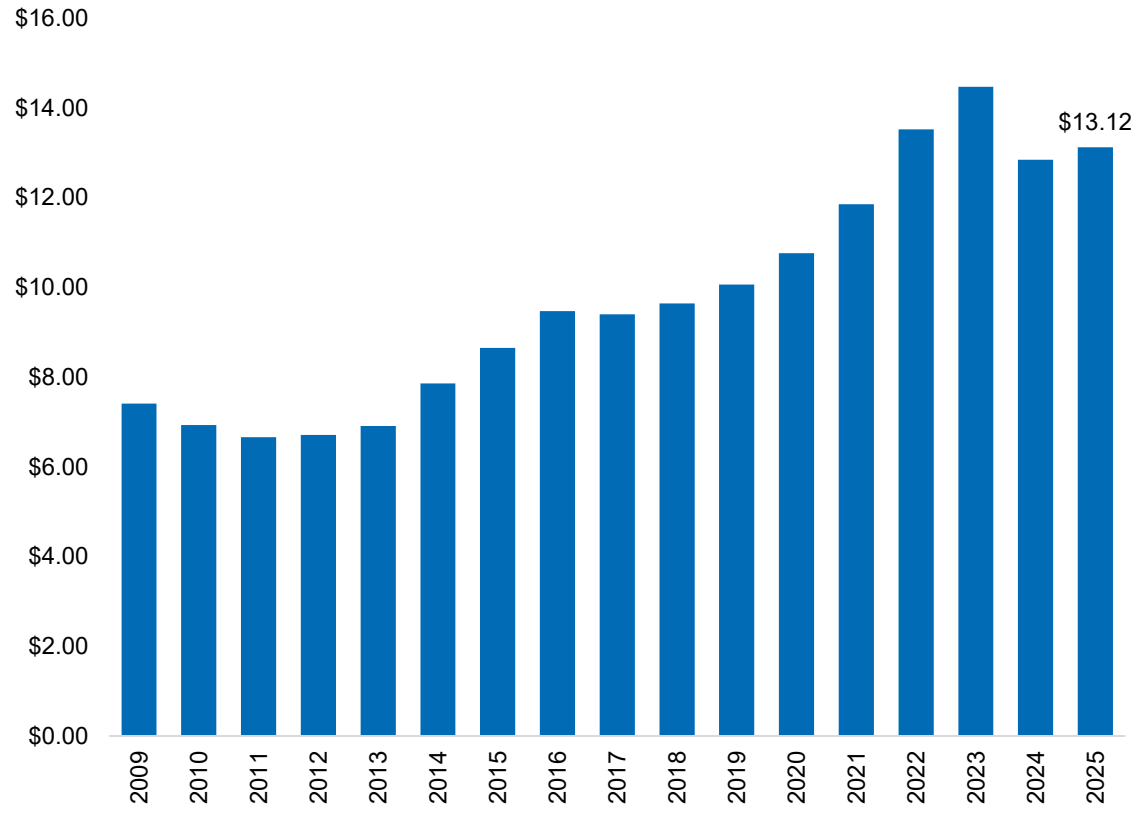
Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

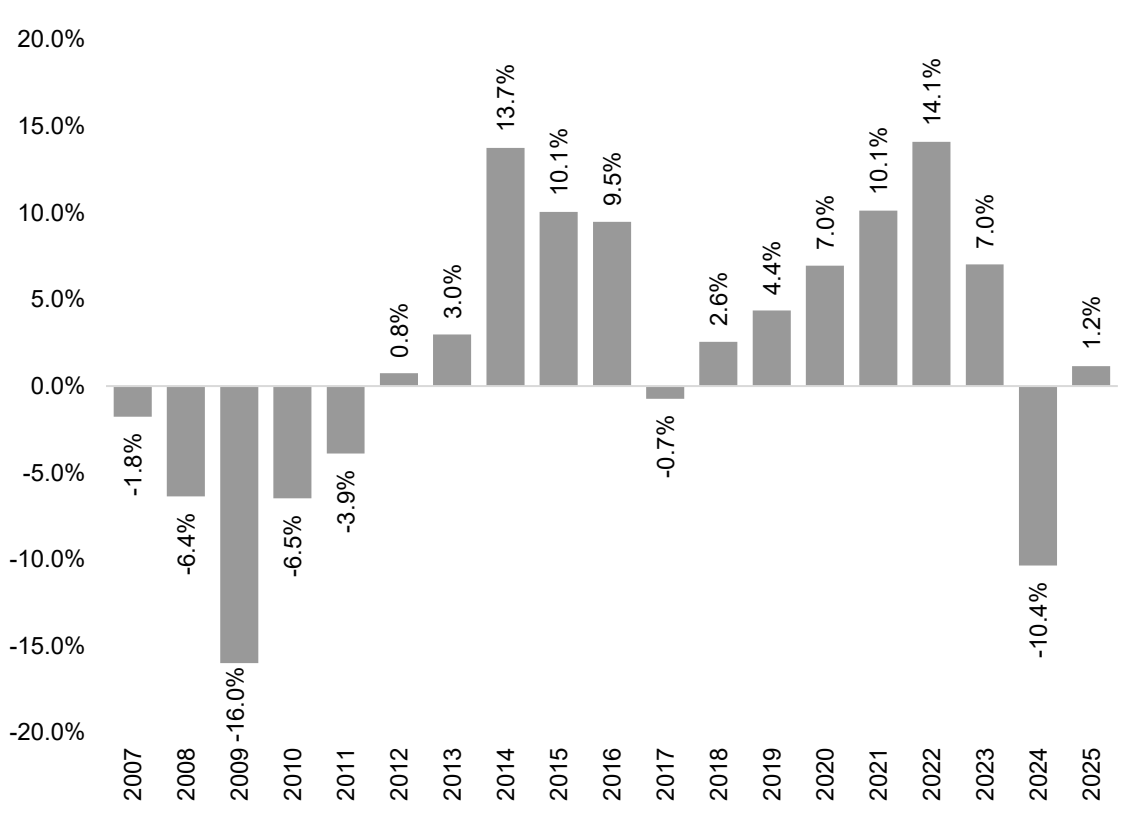
Asking Rents Rebound After Dipping Slightly

As of the fourth quarter of 2025, industrial asking rents in the Palm Beach metro reached $13.12/SF, reflecting a 1.2% growth both quarter over quarter and year over year. The current rate is 9.3% below the all-time high of $14.47/SF set during the fourth quarter of 2023. After a significant contraction in the year prior, this trend in rental rate growth is expected to continue as new deliveries place upward pressure on rents.

Industrial Average Asking Rent, $/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable 4Q25 Lease Transactions

Industrial leasing activity in the Palm Beach market during the fourth quarter of 2025 totaled 531,788 SF, reflecting a 35.3% decrease quarter over quarter and a 1.7% increase year over year. The Palm Beach City submarket accounted for the highest share of leasing activity among the top five deals, anchored by the two largest transactions by volume. Additionally, all five of the top leases signed during the quarter were new deals.

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
Vetio Animal Health	Jupiter Logistics Center	Palm Beach City	Direct New	102,960
Vetio Animal Health, a company that primarily focuses on developing animal health and grooming products, recently signed a new 10-year, 102,960-SF lease at the Jupiter Logistics Center in the Palm Beach City submarket. The move, which will take place in June 2026, marks the relocation of their headquarters and a significant expansion of their footprint in the market. Previously, the company had occupied 30,997 SF at 15843 Guild Court, also in the Palm Beach City submarket.				
The Brook Tennis & Pickleball	The District Boynton Beach	Palm Beach City	Direct New	79,267
The Brook Tennis & Pickleball – a members-only racquet sports facility that houses indoor and outdoor courts for its members' use, recently inked a deal to occupy 79,267 SF at The District Boynton Beach, a project currently under construction in the Palm Beach City submarket. The development is estimated to be completed in late 2026 and will include seven buildings ranging in use from light distribution to recreation to wine storage.				
Undisclosed	Prologis Airport Center Park Bldg 1	Southern Blvd	Direct New	43,203
An undisclosed tenant recently signed a lease to occupy a 43,203-SF building at the Prologis Airport Center Park in the Southern Boulevard submarket. The 70-acre master-planned business park consists of six buildings totaling approximately 660,000 SF and is home to a wide variety of industrial tenants.				
Undisclosed	Prologis Airport Center Park Bldg 5	Southern Blvd	Direct New	26,000
A confidential tenant executed a new lease at Prologis Airport Center Park during the fourth quarter of 2025, agreeing to occupy 26,000 SF during the first half of 2026. The business park is strategically located just west of the Palm Beach County International Airport and in close proximity to Interstate 95.				
Cable Connection and Utilities	Buchanan Screen Building	Delray Beach	Direct New	14,774
Cable Connection and Utilities – a subcontractor that specializes in installing and maintaining subterranean communications cables, signed a 14,774-SF lease at 120 Southridge Road in the Delray Beach submarket. The lease signifies the company's expansion into the Palm Beach market. Previously, the firm had only maintained a presence in the Miami area.				

Source: Newmark Research, CoStar

4Q25 South Florida Industrial Market Overview

Please reach out to your
Newmark business contact for this information

Source: Newmark Research; CoStar

Palm Beach Industrial Submarket Overview

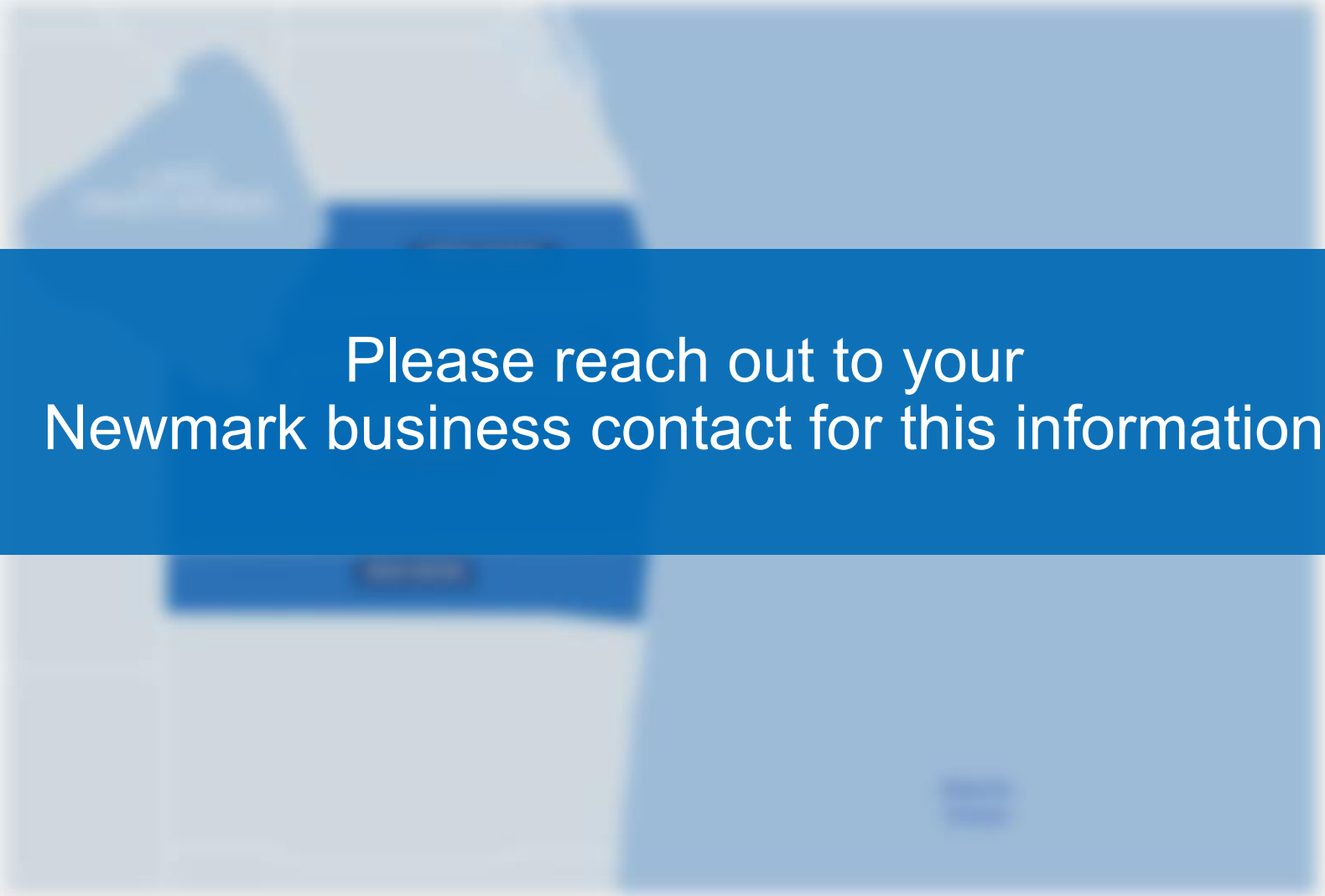
Please reach out to your
Newmark business contact for this information

Source: Newmark Research

Palm Beach Industrial Market

Please reach out to your
Newmark business contact for this information

Palm Beach Industrial Submarket Map



Please reach out to your
Newmark business contact for this information

Source: Newmark Research

NEWMARK

Wyatt Horn
Senior Research Analyst
Wyatt.Horn@nmrk.com

Kirsten Kempf
Senior Research Analyst
Kirsten.Kempf@nmrk.com

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

Neil Matthee
Research Manager
Neil.Matthee@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

nmrk.com

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.