

FIGURES | PALM BEACH INDUSTRIAL | Q3 2026

# Demand follows new product as the pipeline thins



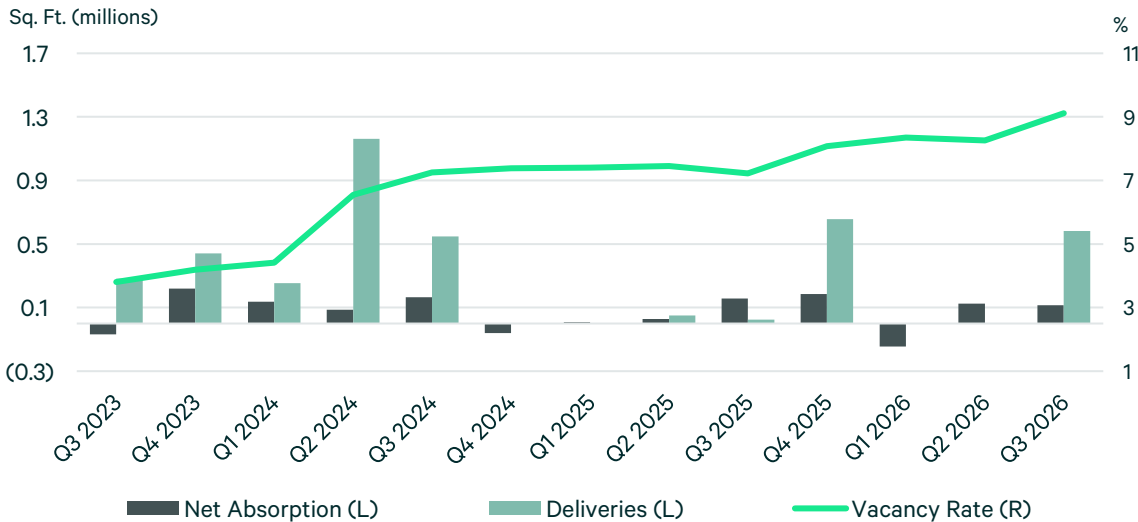
Note: Arrows indicate change from previous quarter.

### Market Overview

**Palm Beach is running as two markets.** Across the established submarkets, buildings completed before 2000, 70% of inventory, sit at 3.7% vacancy, while product delivered since 2020 sits at 31.1%. Q3 2026 widened that gap: 582,932 sq. ft. delivered, most of it speculative space at The District in Boynton Beach, and overall vacancy rose to 9.1% while existing buildings moved only 16 basis points.

**The supply wave is cresting.** Construction has fallen to 265,300 sq. ft., a five-year low, and more than 80% of it is pre-leased. About 317,000 sq. ft. of signed leases and build-to-suits are scheduled to occupy in Q4 2026. Against that, 425,286 sq. ft. of listed space is still occupied but set to come available in Q4. How much of it actually empties will decide whether vacancy peaks this year.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research

## Market Analysis

**Tenants are choosing new product.** Net absorption of 114,533 sq. ft. in Q3 2026 came entirely from new buildings, which absorbed about 191,000 sq. ft., led by The Brook Tennis and Pickleball at The District, Building A (79,267 sq. ft.) and West Atlantic Business Center, Building B (61,343 sq. ft.), which delivered fully leased. Existing buildings gave back about 77,000 sq. ft. Leasing tells the same story: tenants signed 874,271 sq. ft., up 80.5% from Q2 2026, and buildings completed since 2020 captured 41% of that volume while making up only 16% of inventory.

**Small and mid-size tenants are doing the leasing.** Deals under 50,000 sq. ft. made up 65 of the quarter's 68 leases and nearly two-thirds of volume. Prologis Airport Center in West Palm Beach landed three of the top deals: Airway Technologies (38,880 sq. ft.), The Severn Group (34,716 sq. ft.) and Riverstone Logistics (29,205 sq. ft.). Well-located, mid-size product near the airport continues to lease quickly, and owners of that product hold the pricing power.

**Vacancy sits almost entirely in large, new buildings.** Spaces under 50,000 sq. ft. are just 3.4% vacant, while the county's biggest buildings run well above 20%. For occupiers, that means real choice in modern bulk space and very little in small bay, especially in Jupiter, Lake Worth and Boca Raton, the tightest submarkets. Sublease vacancy has more than tripled from a year ago, driven largely by one full-building sublease in West Palm Beach, and more than 1 million sq. ft. of leases expire over the next 12 months without the space on the market yet.

**The headline rent increase is a mix effect.** The average direct ask rose 4.3% to \$14.51 per sq. ft. in Q3 2026 and 11.4% from a year ago, lifted by nearly 400,000 sq. ft. of new space at The District marketed at \$21.00 NNN. Small bay holds the market's pricing power: buildings under 50,000 sq. ft. average \$18.22 per sq. ft., nearly double the \$9.75 asked in buildings over 500,000 sq. ft.

**Developers have stepped back, and that sets up a recovery.** The pipeline fell to 265,300 sq. ft. from 848,232 sq. ft. in Q2 2026 and about 2.6 million sq. ft. in early 2023. What remains is largely committed: Hoerbiger Corporation of America's 154,000 sq. ft. build-to-suit at 9888 Atlantic Ave. is fully pre-leased, and 441 Commerce Center (111,300 sq. ft.) is 54.3% pre-leased. With no new speculative starts, The District's remaining 397,190 sq. ft. faces little new competition.

Figure 2: Vacancy Rate

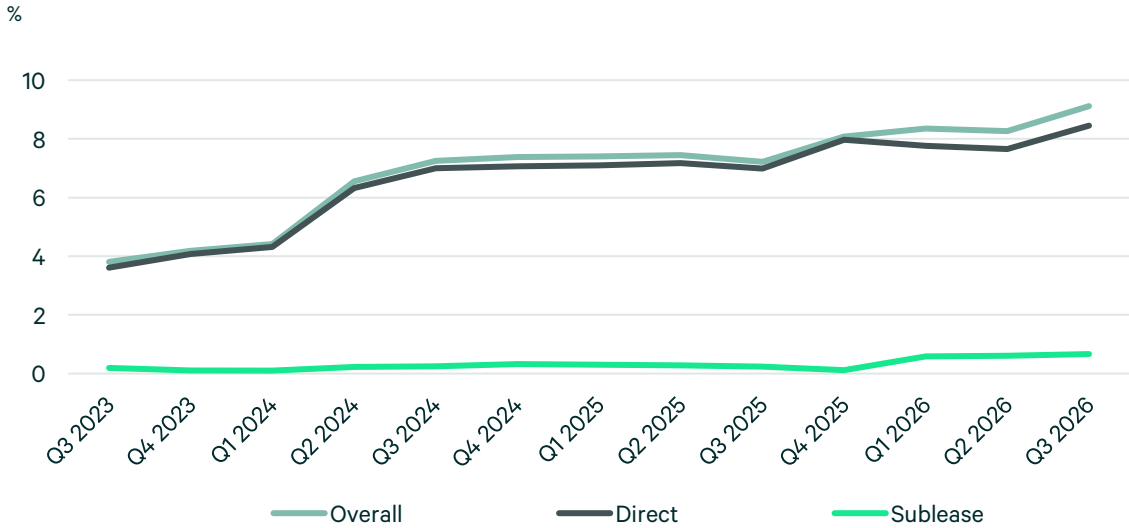


Figure 3: Average Direct Asking Rate



Figure 4: Construction Activity

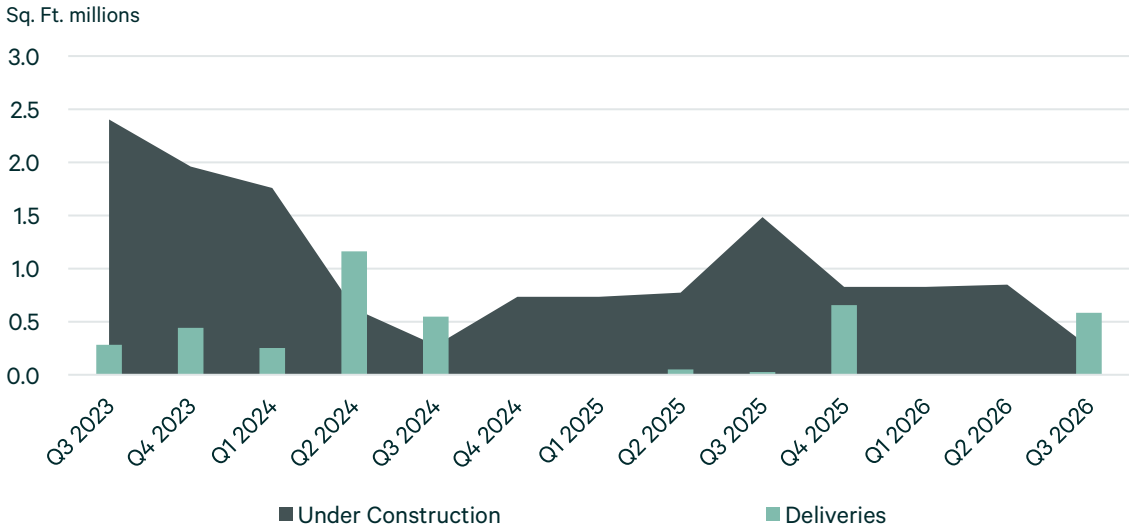
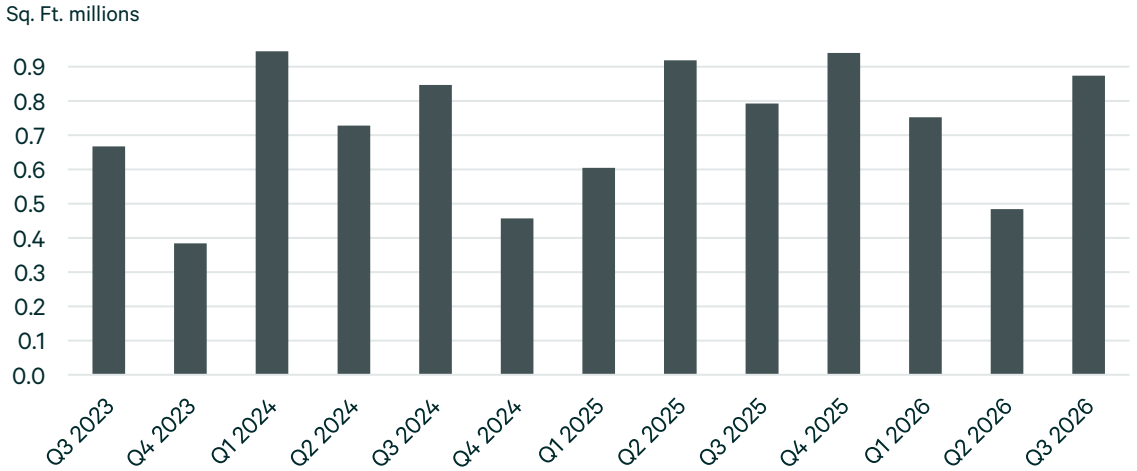


Figure 5: Leasing Activity Trend



## Market Statistics by Product Type

Figure 6

| Product Type            | Net<br>Rentabl<br>e Area<br>(SF) | Total Vacancy<br>(%) | Total Availability<br>(%) | Direct Availability<br>(%) | Sublease Availability<br>(%) | Avg. Direct Asking Rate (\$/SF<br>yr) | Current Quarter Net<br>Absorption (SF) | YTD Net<br>Absorption (SF) | Deliveries<br>(SF) | Under Construction<br>(SF) |
|-------------------------|----------------------------------|----------------------|---------------------------|----------------------------|------------------------------|---------------------------------------|----------------------------------------|----------------------------|--------------------|----------------------------|
| Distribution/Logistics  | 38.92M                           | 10.7                 | 11.4                      | 10.5                       | 1.0                          | 14.23                                 | 216,000                                | 190,000                    | 583,000            | 265,000                    |
| Manufacturing - General | 3.07M                            | 2.8                  | 2.8                       | 2.8                        | 0.0                          | 12.81                                 | (5,000)                                | (40,000)                   | -                  | -                          |
| R&D/Flex                | 7.84M                            | 3.7                  | 4.7                       | 4.5                        | 0.2                          | 18.15                                 | (96,000)                               | (54,000)                   | -                  | -                          |
| Other Industrial        | 0.13M                            | 1.5                  | 1.5                       | 1.5                        | 0.0                          | -                                     | (1,000)                                | (2,000)                    | -                  | -                          |
| <b>Total</b>            | <b>49.96M</b>                    | <b>9.1</b>           | <b>9.8</b>                | <b>9.0</b>                 | <b>0.8</b>                   | <b>14.51</b>                          | <b>115,000</b>                         | <b>94,000</b>              | <b>583,000</b>     | <b>265,000</b>             |

Source: CBRE Research, Q3 2026

## Market Statistics by Size

Figure 7

| Size Range      | Net<br>Rentabl<br>e Area<br>(SF) | Total Vacancy<br>(%) | Total Availability<br>(%) | Direct Availability<br>(%) | Sublease Availability<br>(%) | Avg. Direct Asking Rate (\$/SF<br>yr) | Current Quarter Net<br>Absorption (SF) | YTD Net Absorption<br>(SF) | Deliveries<br>(SF) | Under Construction<br>(SF) |
|-----------------|----------------------------------|----------------------|---------------------------|----------------------------|------------------------------|---------------------------------------|----------------------------------------|----------------------------|--------------------|----------------------------|
| Below 50K SF    | 22.38M                           | 3.4                  | 4.7                       | 4.6                        | 0.1                          | 18.22                                 | (65,000)                               | (52,000)                   | 48,000             | -                          |
| 50K-99,999 SF   | 11.57M                           | 8.2                  | 8.9                       | 8.5                        | 0.4                          | 17.27                                 | (3,000)                                | 57,000                     | 310,000            | -                          |
| 100K-249,999 SF | 11.75M                           | 15.8                 | 15.7                      | 13.0                       | 2.7                          | 15.69                                 | 183,000                                | (40,000)                   | 225,000            | 265,000                    |
| 250K-499,999 SF | 2.07M                            | 20.5                 | 20.5                      | 20.5                       | 0.0                          | 10.15                                 | -                                      | 130,000                    | -                  | -                          |
| 500K-749,999 SF | 1.21M                            | 46.1                 | 46.1                      | 46.1                       | 0.0                          | 9.75                                  | -                                      | -                          | -                  | -                          |
| 750,000 SF +    | 1.00M                            | 0.0                  | 0.0                       | 0.0                        | 0.0                          | -                                     | -                                      | -                          | -                  | -                          |
| <b>Total</b>    | <b>49.96M</b>                    | <b>9.1</b>           | <b>9.8</b>                | <b>9.0</b>                 | <b>0.8</b>                   | <b>14.51</b>                          | <b>115,000</b>                         | <b>94,000</b>              | <b>583,000</b>     | <b>265,000</b>             |

Source: CBRE Research, Q3 2026

# Market Statistics by Submarket

Figure 8

| Submarket        | Net Rentable Area (SF) | Total Vacancy (%) | Total Availability (%) | Direct Availability (%) | Sublease Availability (%) | Avg. Direct Asking Rate (\$/SF yr) | Current Quarter Net Absorption (SF) | YTD Net Absorption (SF) | Deliveries (SF) | Under Construction (SF) |
|------------------|------------------------|-------------------|------------------------|-------------------------|---------------------------|------------------------------------|-------------------------------------|-------------------------|-----------------|-------------------------|
| Boca Raton       | 6.76M                  | 3.0               | 4.3                    | 4.3                     | 0.0                       | 17.40                              | (24,000)                            | 41,000                  | -               | -                       |
| Boynton Beach    | 5.32M                  | 18.1              | 19.5                   | 19.2                    | 0.4                       | 18.60                              | 64,000                              | 166,000                 | 522,000         | -                       |
| Delray Beach     | 2.78M                  | 8.9               | 9.5                    | 9.1                     | 0.4                       | 16.30                              | 69,000                              | 57,000                  | 61,000          | 265,000                 |
| Jupiter          | 1.59M                  | 1.9               | 1.7                    | 1.7                     | 0.0                       | 19.40                              | (9,000)                             | (7,000)                 | -               | -                       |
| Lake Worth       | 3.85M                  | 2.9               | 3.2                    | 3.2                     | 0.0                       | 21.84                              | (18,000)                            | (71,000)                | -               | -                       |
| Out of Submarket | 3.85M                  | 35.2              | 32.0                   | 32.0                    | 0.0                       | 10.16                              | 2,000                               | 194,000                 | -               | -                       |
| Riviera Beach    | 12.35M                 | 4.9               | 5.6                    | 5.5                     | 0.0                       | 16.41                              | (24,000)                            | (51,000)                | -               | -                       |
| West Palm Beach  | 13.48M                 | 7.7               | 9.3                    | 6.6                     | 2.6                       | 15.22                              | 53,000                              | (235,000)               | -               | -                       |
| Total            | 49.96M                 | 9.1               | 9.8                    | 9.0                     | 0.8                       | 14.51                              | 115,000                             | 94,000                  | 583,000         | 265,000                 |

Source: CBRE Research, Q3 2026

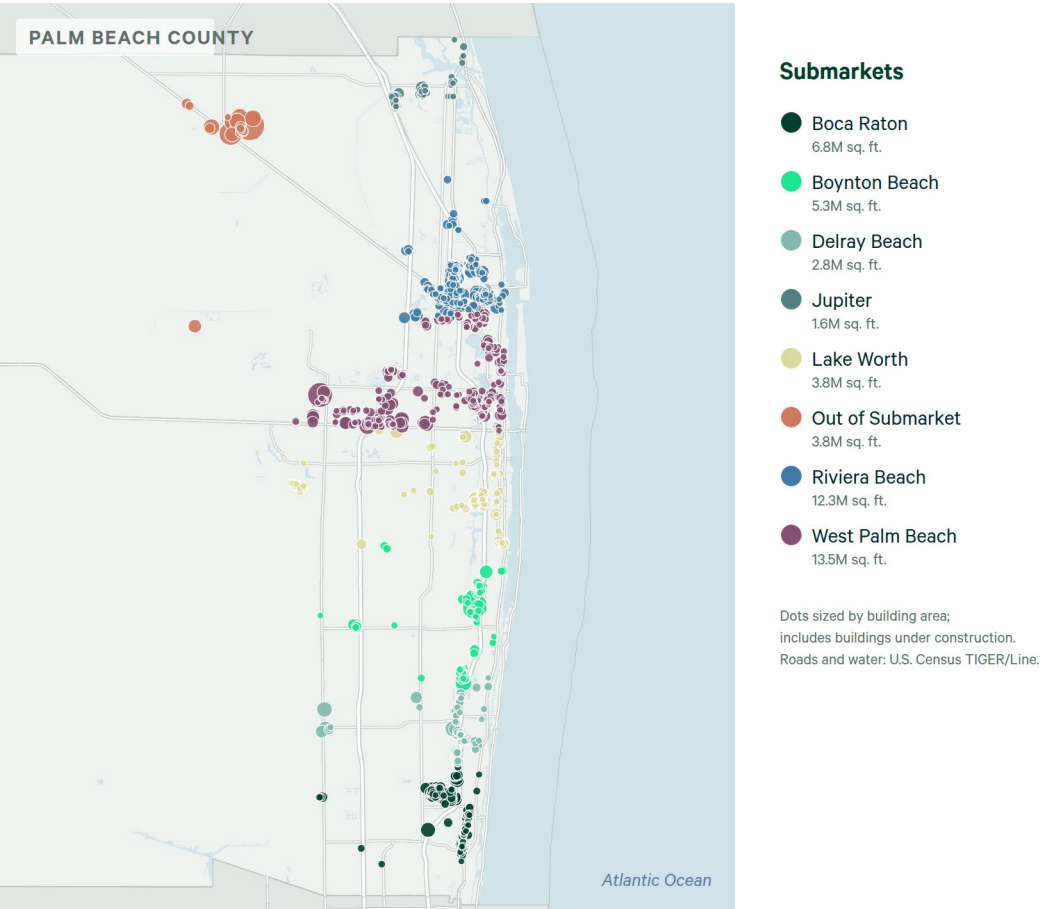
## Market Statistics by Class

Figure 9

| Property Class       | Net<br>Rentabl<br>e Area<br>(SF) | Total Vacancy<br>(%) | Total Availability<br>(%) | Direct Availability<br>(%) | Sublease Availability<br>(%) | Avg. Direct Asking Rate (\$/SF<br>yr) | Current Quarter Net<br>Absorption (SF) | YTD Net Absorption<br>(SF) | Deliveries<br>(SF) | Under Construction<br>(SF) |
|----------------------|----------------------------------|----------------------|---------------------------|----------------------------|------------------------------|---------------------------------------|----------------------------------------|----------------------------|--------------------|----------------------------|
| Class A              | 13.76M                           | 21.3                 | 20.2                      | 19.1                       | 1.1                          | 13.90                                 | 360,000                                | 653,000                    | 583,000            | 265,000                    |
| Institutional        | 10.53M                           | 25.0                 | 24.6                      | 24.0                       | 0.6                          | 13.89                                 | 310,000                                | 699,000                    | 535,000            | 111,000                    |
| Other Class A        | 3.24M                            | 9.0                  | 6.2                       | 3.3                        | 2.9                          | 14.07                                 | 49,000                                 | (46,000)                   | 48,000             | 154,000                    |
| All Other Industrial | 36.20M                           | 4.5                  | 5.9                       | 5.2                        | 0.7                          | 16.36                                 | (245,000)                              | (558,000)                  | -                  | -                          |
| <b>Total</b>         | <b>49.96M</b>                    | <b>9.1</b>           | <b>9.8</b>                | <b>9.0</b>                 | <b>0.8</b>                   | <b>14.51</b>                          | <b>115,000</b>                         | <b>94,000</b>              | <b>583,000</b>     | <b>265,000</b>             |

Source: CBRE Research, Q3 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

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