

FIGURES | PORT ST LUCIE | Q4 2024

# Port St. Lucie sees record absorption, driving vacancy rates down

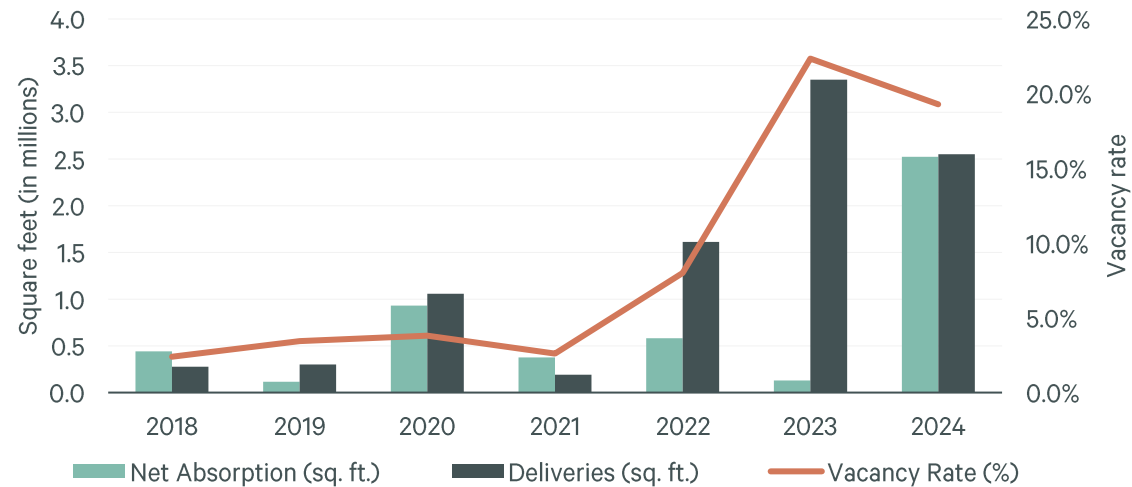


Note: Arrows indicate change from previous quarter.

## Market highlights

- Amazon and BroadRange drove absorption activity this year by occupying over 2.0 million sq. ft. in the Port St. Lucie area. These move-ins led to record positive absorption and marked the largest industrial move-ins for Port St. Lucie this year.
- Vacancy dropped to 19.3%, a decrease of 300 basis points from Q4 last year. This drop is largely attributed to the two large move-ins, providing relief to a market that has seen rising vacancy rates since Q3 2023. Also, a tornado spawned from Hurricane Milton destroyed the vacant 1.0 million sq. ft. SFL Logistics site, further decreasing inventory.
- Reacting to changing demand, the construction pipeline has slowed down. There is currently no inventory under construction, compared to a high of 6.6 million sq. ft. in 2022. The reduced construction activity is expected to help balance the market, preventing oversupply and supporting stable vacancy rates.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE.com

DEMAND

Demand for large warehouse space has normalized nationally and this trend is seen in the rapidly expanding Port St. Lucie market. Even so, year-to-date there has been more than 2.5 million sq. ft. of positive absorption.

This quarter saw a significant move-in, with BroadRange occupying over 1.0 million sq. ft. at Interstate Crossroads Logistics Center. Since 2022, the industrial demand in the region has been primarily driven by 3PL and e-commerce. In fact, the expansion of retail and e-commerce has recently drawn in Costco, which has committed to over 1.8 million sq. ft in Legacy Park at Tradition. The first phase consists of a 595,000 sq. ft. cold and dry storage facility and is expected to deliver in 2025. Other facilities that exist at Legacy Park at Tradition include FedEx, Amazon and Cheney Brothers.

VACANCY

Vacancy rates have continued to decline, dropping by 300 basis points from the third quarter of 2023 to 19.3%. This quarter saw BroadRange Logistics move in, and the 1.0 million sq. ft. SFL Logistics site was removed from inventory after being destroyed by a tornado. Additionally, developers have pulled back on starts in recent quarters, growing more cautious of normalizing demand across the nation. This will accelerate the decline in vacancy if leasing holds steady, particularly for large box buildings.

PRICING

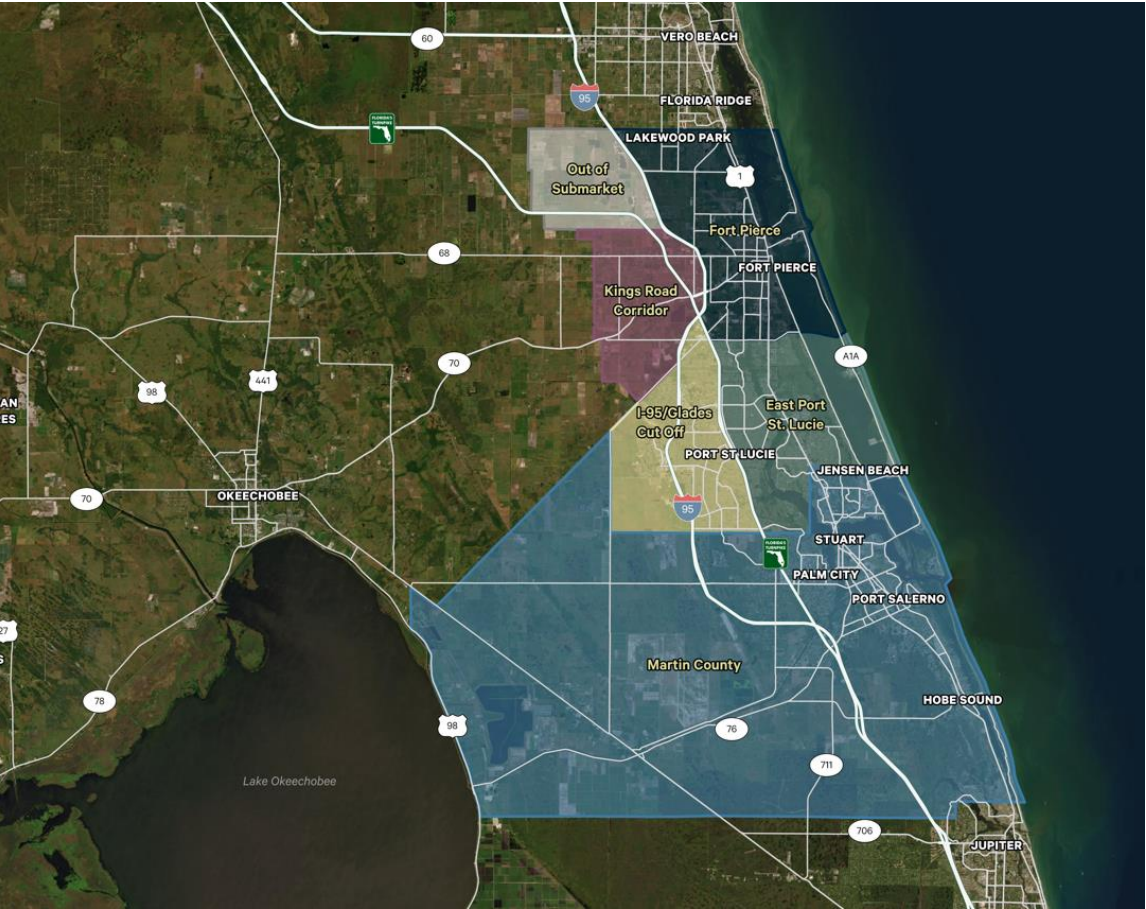
Driven by the removal of more expensive spaces from the market, average asking rent decreased slightly this past quarter to \$9.60 sq. ft. Port St. Lucie remains an affordable alternative to other South Florida markets where the average asking rent is over \$15 sq. ft. on a triple net basis.

FIGURE 2: Statistical Snapshot Q4 2024

Submarket	Total Inventory (Sq. Ft.)	Total Vacancy	Q4 2024 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Q4 2024 Deliveries (SF)	Avg. Asking Lease Rate (\$/SF /NNN)
East Port St. Lucie	1,020,358	1.68 %	-1,235	-12,718	0	0	\$17.72
Fort Pierce	5,909,803	4.03 %	0	-54,593	0	0	\$10.27
I-95/Glades Cut Off	6,098,428	17.56 %	-5,322	1,554,281	0	0	\$10.53
Kings Road Corridor	3,734,221	56.78 %	1,044,723	1,042,973	0	0	\$9.04
Martin County	7,738,829	16.54 %	11,640	-5,401	0	205,888	\$9.72
Total Port St. Lucie	24,501,639	19.29 %	1,049,806	2,524,542	0	205,888	\$9.60

All stated rents are estimates subject to size, credit, TI, and term.

Market Area Overview



### CBRE Economic House View

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

Typically, sturdy economic growth alongside Fed rate cuts would be rocket fuel for commercial real estate (CRE) performance. The catch is capital markets have grown skeptical of just how low rates will go in 2025. The mix of sticky core inflation and future policy concerns are putting upward pressure on long-term rates. Nevertheless, real estate capital markets have made good progress in recent quarters. Lending spreads are tightening, and credit issuance is up. Lending conditions are easing a bit as multifamily LTVs are trending slightly upward. Stronger debt markets and balanced and/or recovering space market fundamentals should translate into a noticeable uptick in investment during the next several quarters.

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