

FIGURES | PALM BEACH INDUSTRIAL | Q1 2026

Rents Rebound as Supply Cycle Peaks

▼ 7.7%
Vacancy Rate

▼ 31,347
SF Net Absorption

▼ 0
SF Construction Delivered

▶ 812,587
SF Under Construction

▲ \$13.87
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

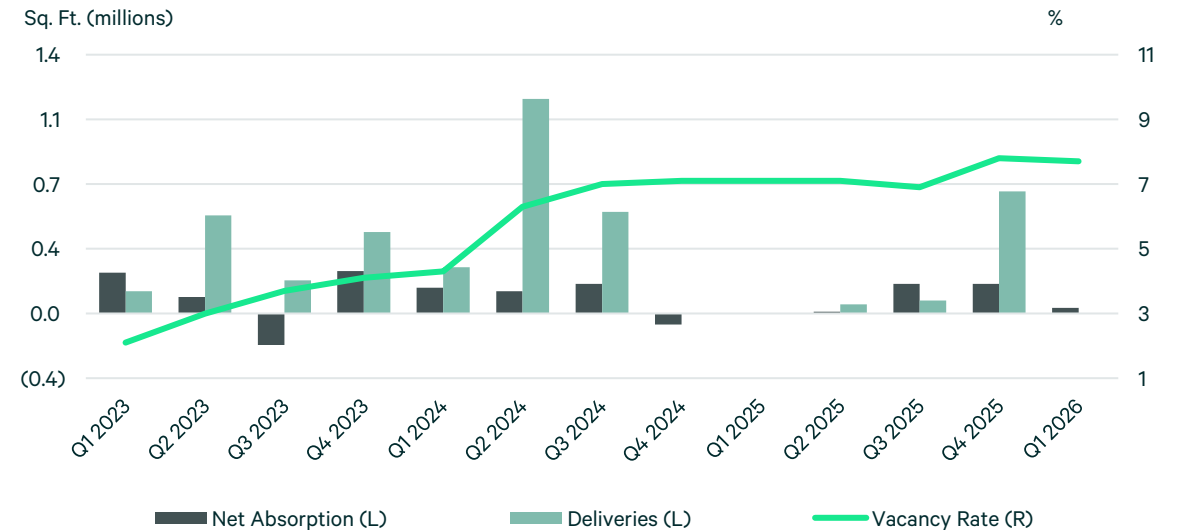
Market Overview

Palm Beach’s industrial market is stabilizing, but unevenly. Vacancy ticked down 10 basis points to 7.7% in Q1 2026, and net absorption was positive at 31,000 sq. ft. Asking rents rose to \$13.87, the first meaningful uptick after a 14% decline from the Q4 2023 peak of \$15.20 to a trough of \$13.04 in Q3 2025.

The correction was supply-driven. Nearly 4.8 million sq. ft. delivered since 2022, with 1.8 million of that concentrated in northern Palm Beach County’s Out of Submarket corridor, large-format bulk product priced at \$8.50–\$11.00 that doesn’t match the county’s core demand profile. Over 1.2 million sq. ft. of that product remains available, compressing the countywide average and inflating headline vacancy.

Strip out the northern bulk overhang and the story changes. Core submarkets like Lake Worth (1.0% vacancy), Jupiter (1.8%), and Boca Raton (3.2%) are tight, with asking rents in the \$16–\$21 range. The construction pipeline has pulled back to 813,000 sq. ft. with 36% pre-leased. Palm Beach is a smaller-tenant market working through an oversized delivery cycle, the path forward runs through time, not demand destruction.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Availability Rate

Availability edged up to 8.4% in Q1 2026, up 20 basis points from Q4 and 60 basis points year-over-year. Direct space accounts for 8.0%, with sublease minimal at 0.3%.

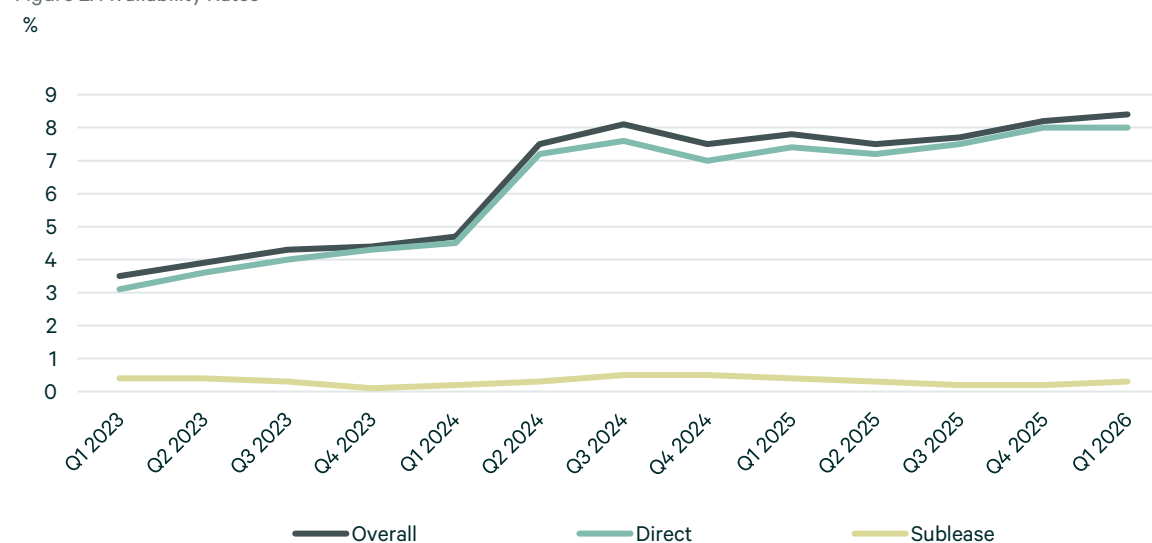
The submarket dispersion is the widest in South Florida. Lake Worth (1.4%) and Jupiter (1.8%) are effectively full. Boca Raton sits at 3.6%. Out of Submarket, the northern bulk corridor, carries 27.0% availability, driven by product like Beeline Logistics Center (556,000 sq. ft.), Corporate Logistics Center (253,000 sq. ft.), and Palm Beach Park of Commerce Building A (300,000 sq. ft.), all delivered since 2022 and priced in the \$9–\$11 range. Boynton Beach (12.6%) and Delray Beach (9.3%) sit above average with recent deliveries in lease-up.

Asking Rent

Average direct asking rents rose to \$13.87 per sq. ft. NNN in Q1 2026, up 6.4% from the Q3 2025 trough of \$13.04. The headline, however, remains heavily influenced by the Out of Submarket corridor, where 1.2 million sq. ft. of bulk product is listed at \$8.50–\$11.00 on a 5.1-million-sq.-ft. inventory base. That single submarket compresses the countywide average by roughly \$3.00.

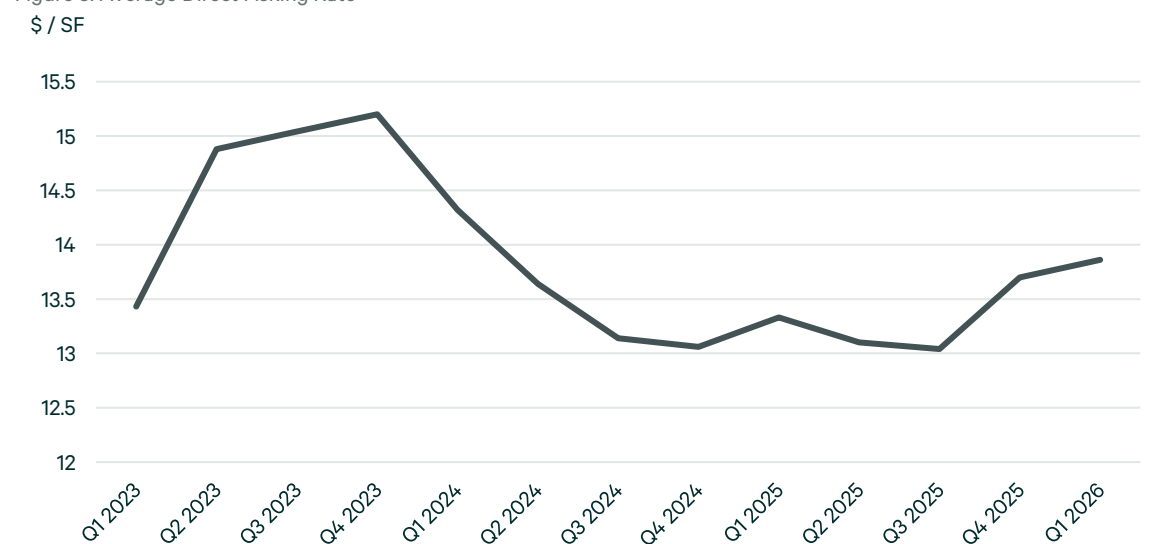
The core submarket picture is more representative of where institutional tenants transact. Jupiter (\$21.10) and Lake Worth (\$21.29) command premiums on tight supply and small bay activity. Boca Raton (\$16.68), Boynton Beach (\$17.29), and Delray Beach (\$17.55) cluster in a narrow band. West Palm Beach (\$16.18) and Riviera Beach (\$16.25), the county’s two largest submarkets, sit just below. Rents peaked at \$15.20 in Q4 2023, fell 14% as 3.4 million sq. ft. delivered in 2023–2024, and have since stabilized. The Q1 bounce suggests the rent correction has run its course in the core submarkets.

Figure 2: Availability Rates



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q1 2026

Net Absorption

Net absorption of 31,000 sq. ft. in Q1 was positive but modest, a step down from Q4’s 162,000 sq. ft. but an improvement over Q1 2025’s negative result. Demand has been choppy, swinging between negative and positive quarters throughout the past 18 months.

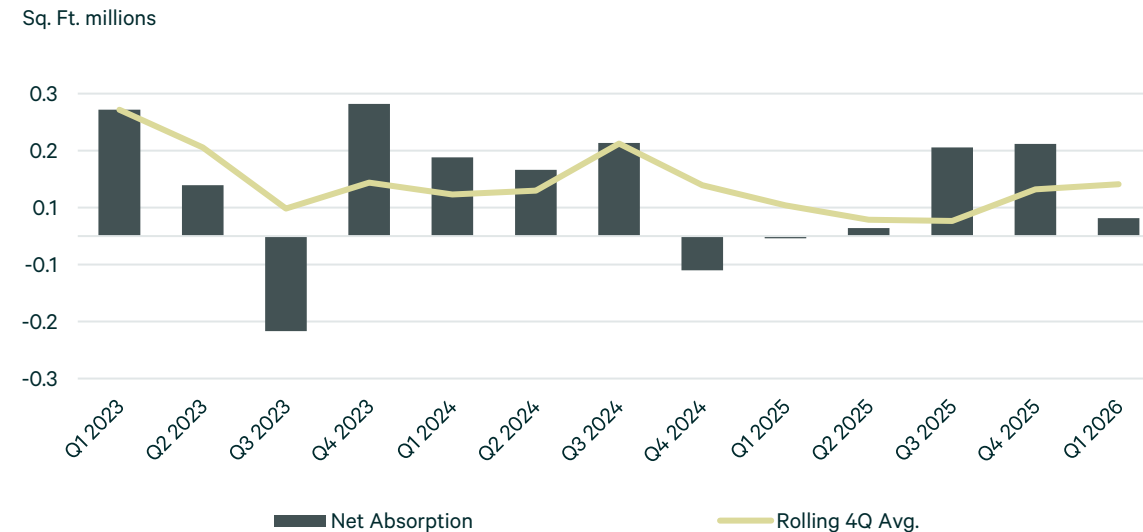
Boynton Beach led with 88,000 sq. ft., followed by Out of Submarket at 63,000 sq. ft., a welcome sign given the concentration of vacancy in that corridor. Riviera Beach gave back 52,000 sq. ft. and West Palm Beach posted negative 43,000 sq. ft., reflecting some larger tenant contractions. Palm Beach absorbs in smaller increments than Broward or Miami-Dade, a single large move-in or move-out can swing the market materially. The positive trajectory in H2 2025 (317,000 sq. ft. combined) suggests demand is finding its footing.

Construction Activity

No new space delivered in Q1 2026, following 657,000 sq. ft. in Q4 2025. The active pipeline holds at 813,000 sq. ft. across five projects, a fraction of the 2.3 million sq. ft. underway three years ago.

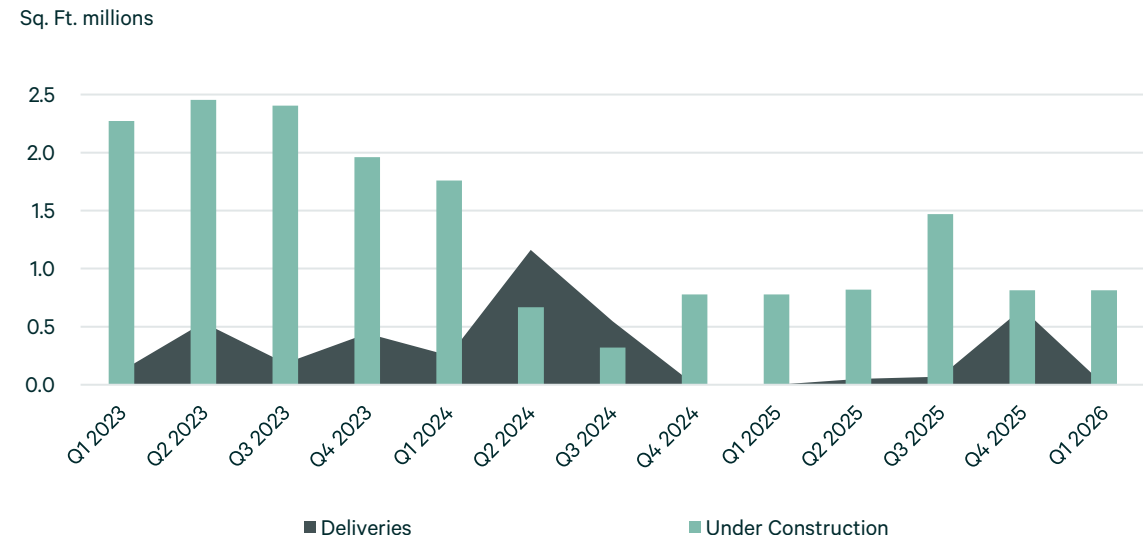
The composition is encouraging. Two of the five projects are fully pre-leased: Hoerbiger Corporation’s 200,000-sq.-ft. build-to-suit in Delray Beach (delivering Q3 2026) and Airport Logistics Park Building 500 in West Palm Beach (91,000 sq. ft., delivering Q2 2026). The speculative exposure is concentrated in Boynton Beach, where the three-building District development totals 522,000 sq. ft. in a submarket already carrying 12.6% availability. Overall, 36% of the pipeline is pre-leased, a meaningful improvement over the spec-heavy waves of 2023–2024 that delivered nearly 4.8 million sq. ft. into a 52-million-sq.-ft. market. Developers are being more selective, and the pipeline should support stabilization rather than extend the correction.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



Source: CBRE Research, Q1 2026

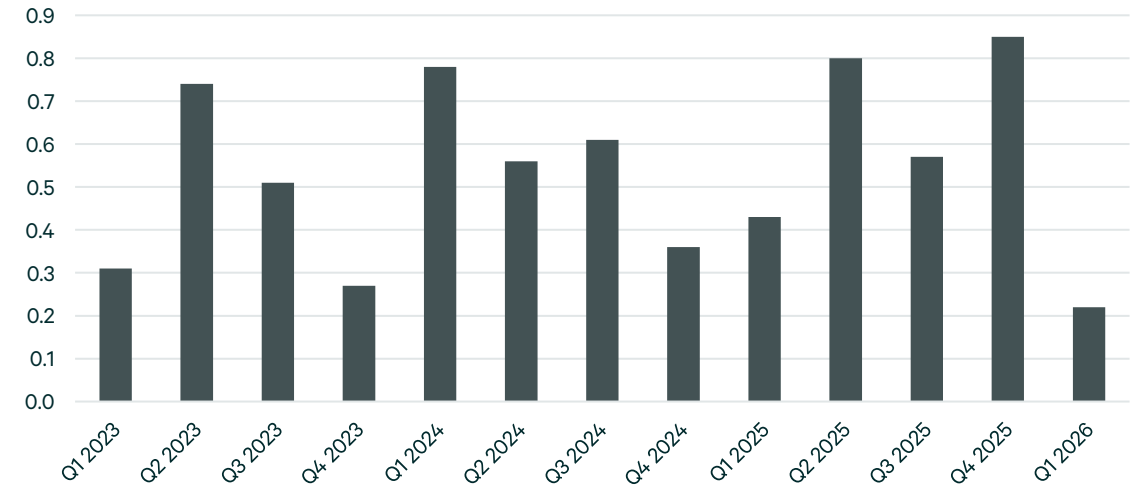
Leasing Activity

Leasing volume fell to 220,000 sq. ft. in Q1, a sharp pullback from the 850,000-sq.-ft. quarterly average in 2025. West Palm Beach accounted for 72% of activity, anchored by the American Tire Distributors renewal (125,000 sq. ft.). Lake Worth and Riviera Beach contributed the balance.

The quarter’s thin volume is partly a timing issue, several significant deals signed in late Q4 and early Q1 are flowing through the pipeline. Vetio’s 103,000-sq.-ft. new lease at Jupiter Logistics Center, Tropicchem’s 137,000-sq.-ft. renewal/expansion at the same property, and Rivian’s commitments at Prologis Airport Center all represent real demand. Palm Beach remains a renewal-driven market with selective new leasing, the smaller-tenant segments under 50,000 sq. ft. continue to perform, while larger-format requirements remain episodic.

Figure 6: Leasing Activity Trend

Sq. Ft. millions



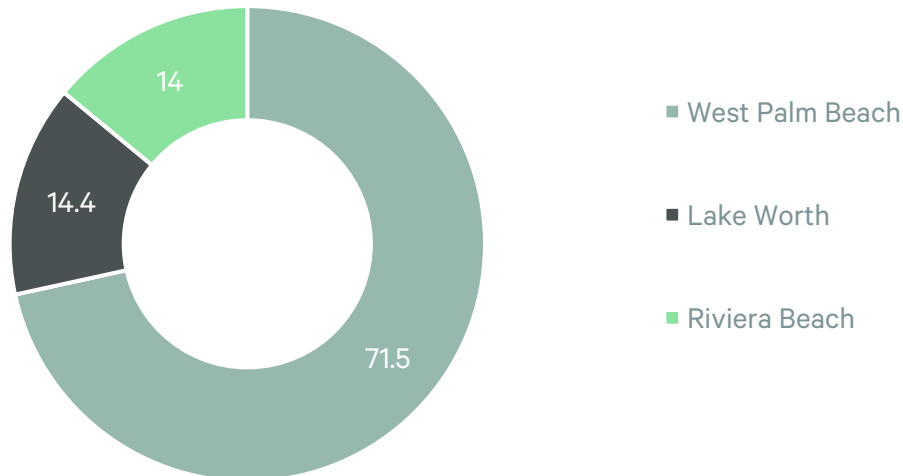
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
American Tire Distributors	125,000	Renewal	601 N 103rd Ave	West Palm Beach
Eastern Metal Supply	32,000	New Lease	701 Boutwell Rd	Lake Worth
Perfection RX	30,489	Expansion	2025 High Ridge Rd	Boynton Beach
Horizon Distributors	27,967	Renewal	3618 Quantum Blvd	Boynton Beach
Global Technology Systems	16,000	Renewal	1400 Northpoint Pkwy	Riviera Beach
TCI Contracting	14,000	Renewal	6800 Belvedere Rd	West Palm Beach

Source: CBRE Research, Q1 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Market Statistics by Class

Figure 11

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	4.82	14.3	15.5	14.0	1.5	11.73	77,000	77,000	-	-
Institutional	2.35	27.2	27.2	24.6	2.6	11.18	56,000	56,000	-	-
Other Class A	2.47	2.1	4.4	4.0	0.4	15.46	21,000	21,000	-	-
All Other Industrial	46.82	7.1	7.6	7.4	0.2	14.34	(45,000)	(45,000)	-	813,000
Total	51.64	7.7	8.4	8.0	0.3	13.87	31,000	31,000	-	813,000

Source: CBRE Research, Q1 2026

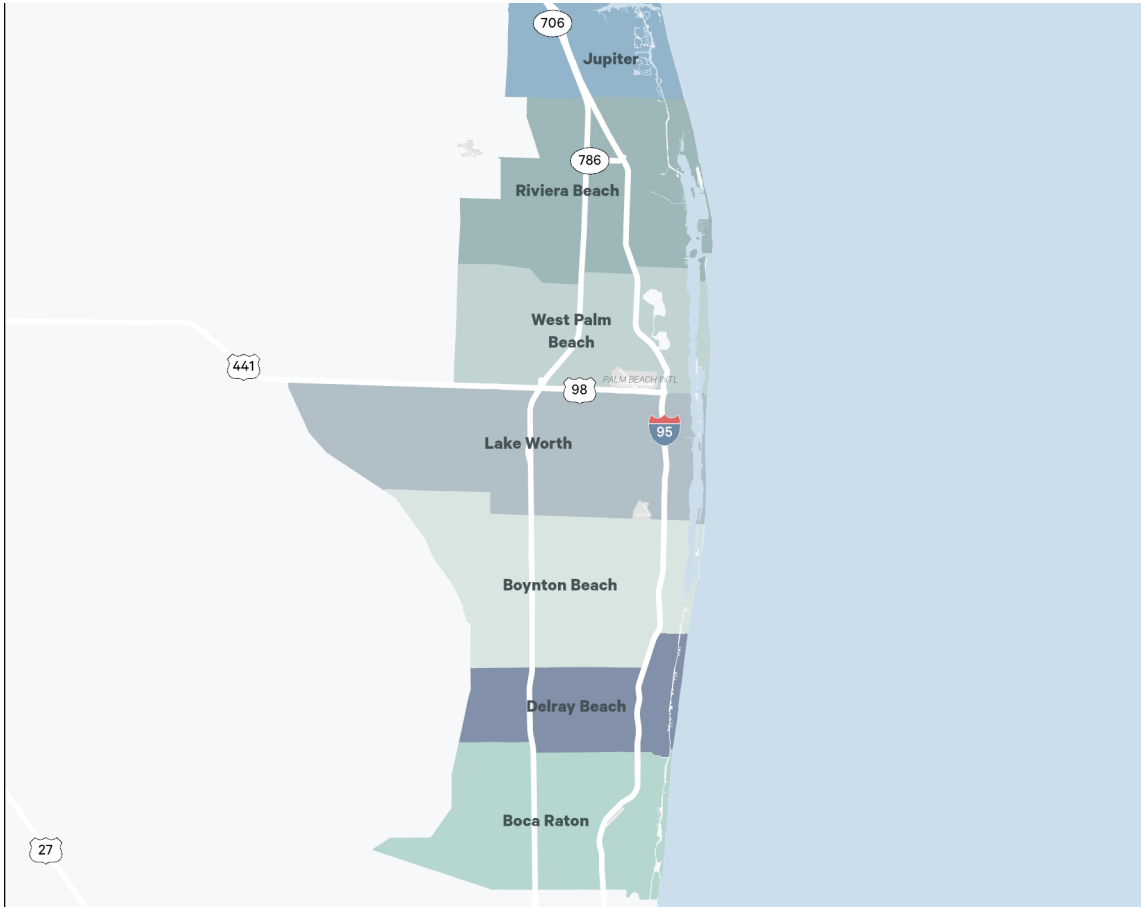
Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Boca Raton	7.15	3.2	3.6	3.5	0.1	16.68	(11,000)	(11,000)	-	-
Boynton Beach	4.82	10.0	12.6	12.0	0.6	17.29	88,000	88,000	-	522,000
Delray Beach	2.97	10.8	9.3	8.7	0.7	17.55	(13,000)	(13,000)	-	200,000
Jupiter	1.61	1.8	1.8	1.8	-	21.10	(6,000)	(6,000)	-	-
Lake Worth	3.72	1.0	1.4	1.3	0.1	21.29	5,000	5,000	-	-
Out of Submarket	5.10	29.0	27.0	27.0	-	10.19	63,000	63,000	-	-
Riviera Beach	12.52	5.1	6.5	6.4	0.1	16.25	(52,000)	(52,000)	-	-
West Palm Beach	13.77	5.7	6.6	5.9	0.7	16.18	(43,000)	(43,000)	-	91,000
Total	51.64	7.7	8.4	8.0	0.3	13.87	31,000	31,000	-	813,000

Source: CBRE Research, Q1 2026

Market Area Overview



Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America’s aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

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