Limited new deliveries put downward pressure on vacancy

▼8.0%
Vacancy Rate

▲54,969
SF Net Absorption

▶0
SF Construction Delivered

▶798,563
SF Under Construction

▼$13.98
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

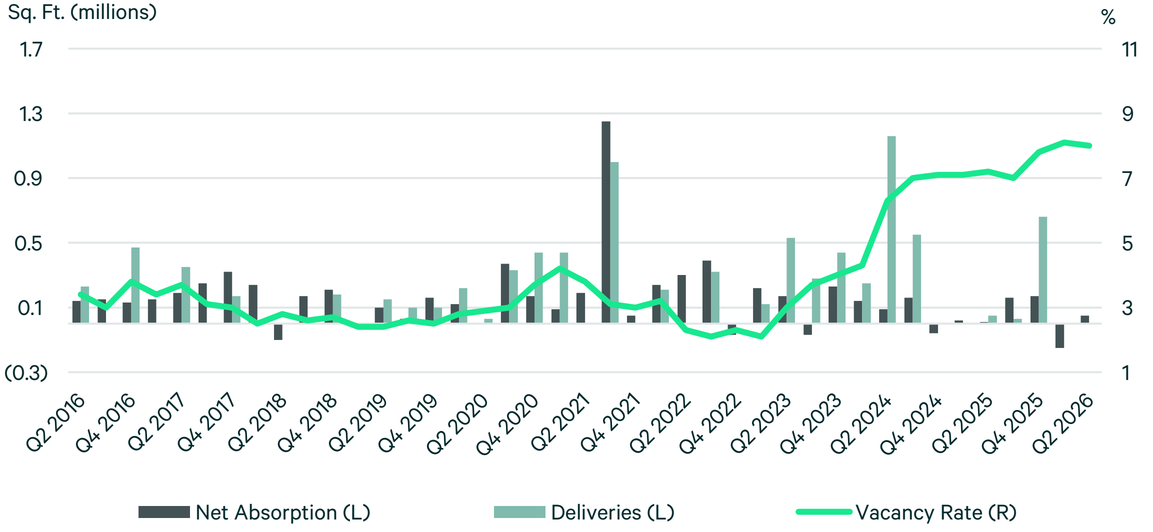
Market Overview

By Q2 2026, the market posted 55,000 sq. ft. of positive net absorption, a turnaround from negative 145,000 sq. ft. in Q1 2026 and above the 14,000 sq. ft. recorded in Q2 2025. Vacancy stands at 8.0%, edging down 0.1 percentage points quarter-over-quarter but up 0.8 percentage points year-over-year, while availability has risen to 9.0%, 0.5 percentage points above last quarter and 1.4 percentage points higher than a year ago. Average asking rent is $13.98, down 0.4% quarter-over-quarter yet 7.0% higher year-over-year.

Vacancy has climbed from a 2.1% low in Q3 2022 as a substantial supply wave delivered. Under construction inventory has contracted from a peak of 2.6 million sq. ft. in Q2 2023 to 799,000 sq. ft. in Q2 2026, following large completions, including 1.2 million sq. ft. in Q2 2024 and 657,000 sq. ft. in Q4 2025.

The largest transaction is Boomers Volleyball Academy's 32,000 sq. ft. lease in Boynton Beach, followed by Ryan Friedman Motor Cars with 29,000 sq. ft. in Riviera Beach. These leases illustrate new commitments ranging from 12,000 sq. ft. to 32,000 sq. ft. across multiple submarkets; they represent only a sample of the quarter's new leasing activity rather than the full market total.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

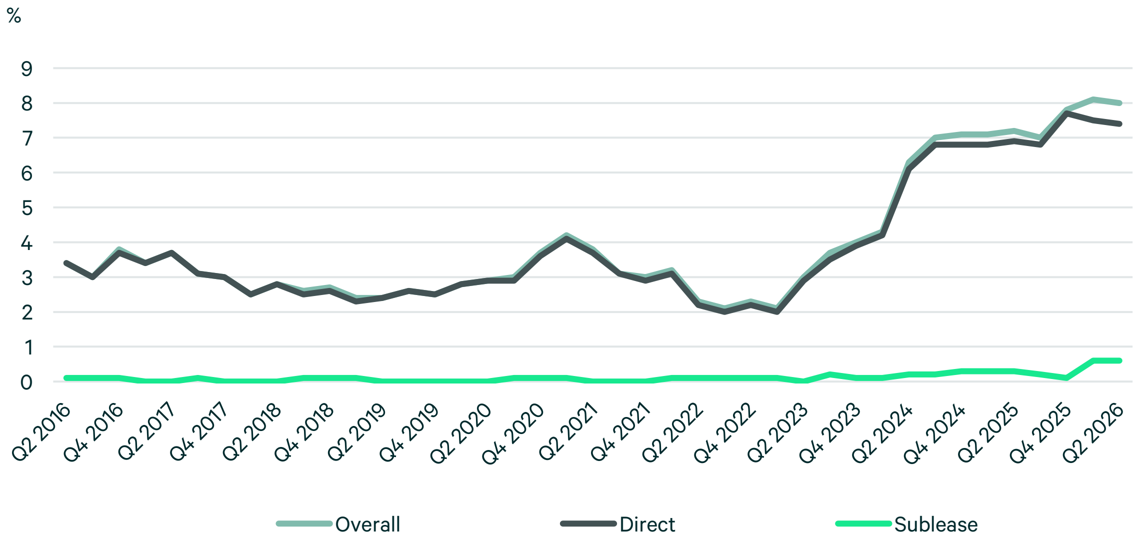
Vacancy Rate

By Q2 2026, overall vacancy reached 8.0%, with direct vacancy at 7.4% and sublease vacancy at 0.6%. Overall vacancy edged down 1.2% quarter-over-quarter, while direct vacancy decreased 1.3%; sublease vacancy was unchanged over the quarter.

Despite this modest quarter-over-quarter easing, conditions remain much looser than a year ago: overall vacancy is up 11.1% year-over-year, with direct vacancy higher by 7.3% and sublease vacancy roughly doubling. Compared with Q2 2022, when overall vacancy stood at 2.3%, the market has seen vacancy more than triple, reflecting a sustained period of elevated available space across both direct and sublease segments.

Jupiter posts the lowest direct vacancy in Q2 2026, with only 21,405 sq. ft. available, reflecting a 1.3% direct vacancy rate. Lake Worth is the second lowest, with 91,005 sq. ft. of direct vacancy and a 2.5% rate, alongside minimal sublease availability of 2,250 sq. ft. Boca Raton also remains tight at 184,139 sq. ft. of direct vacancy and a 2.7% rate, underscoring constrained options across these core submarkets.

Figure 2: Vacancy Rate



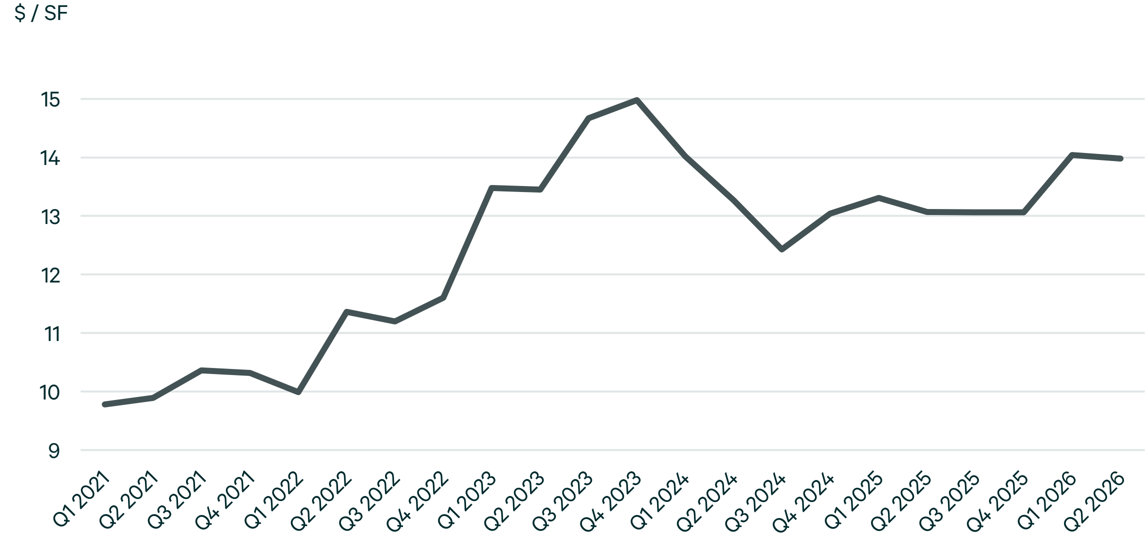
Source: CBRE Research, Q2 2026

Asking Rent

In Q2 2026, the market's average asking rent was $13.98, down 0.4% quarter-over-quarter but 7.0% higher year-over-year. This followed Q1 2026 at $14.04, a 7.5% quarter-over-quarter and 5.5% year-over-year increase, and capped a 2025 period when rents generally moved in the low- to mid-$13.00s with modest year-over-year shifts. Across the available history, reported average asking rent was $12.00 in each quarter with data from Q2 2016 through Q2 2020, then declined to a low of $9.78 in Q1 2021 before climbing to a high of $14.98 in Q4 2023 and easing back to the mid-$13.00s by mid-2026.

In Q2 2026, Lake Worth and Jupiter recorded the highest average asking lease rates at $21.02 and $18.74, respectively, both above the overall submarket average of $16.64. Boynton Beach, Delray Beach, and Boca Raton clustered in a relatively tight band between $17.14 and $17.59, while Riviera Beach and West Palm Beach were modestly below the average at $16.08 and $15.14. Out of Submarket space was priced at a significant discount at $10.16, creating a $10.86 spread between the lowest- and highest-priced locations.

Figure 3: Average Direct Asking Rate

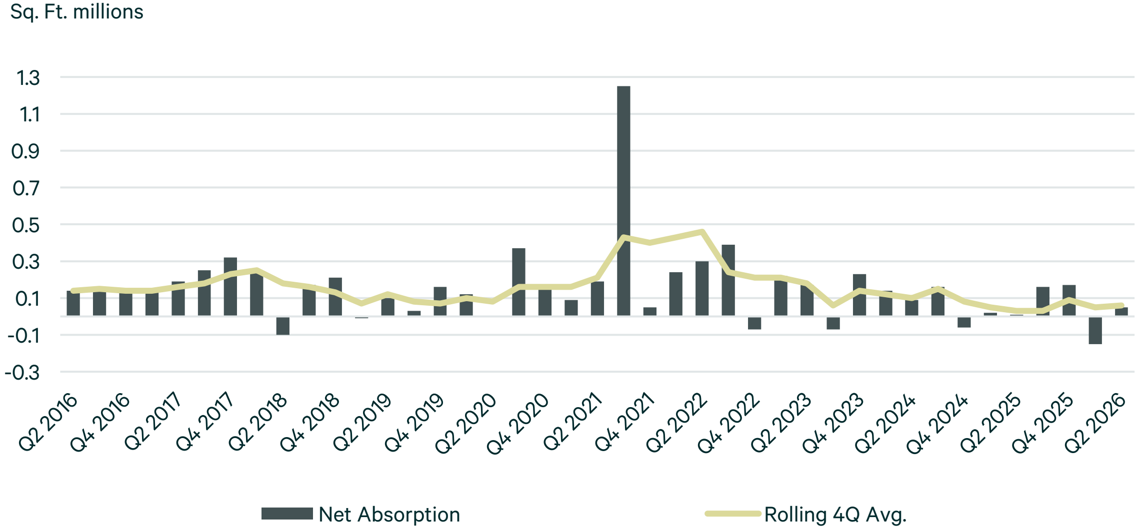


Source: CBRE Research, Q2 2026

Net Absorption

In Q2 2026, the market recorded total net absorption of 55,000 sq. ft. This volume exceeded the negative 145,000 sq. ft. posted in Q1 2026 by 200,000 sq. ft. on a quarter-over-quarter basis. Compared with the 14,000 sq. ft. recorded in Q2 2025, net absorption exceeded the prior year by 41,000 sq. ft., a 292.9% year-over-year increase. The rolling four-quarter average also moved higher, from 49,000 sq. ft. in Q1 2026 to 59,250 sq. ft. in Q2 2026.

Figure 4: Net Absorption Trend



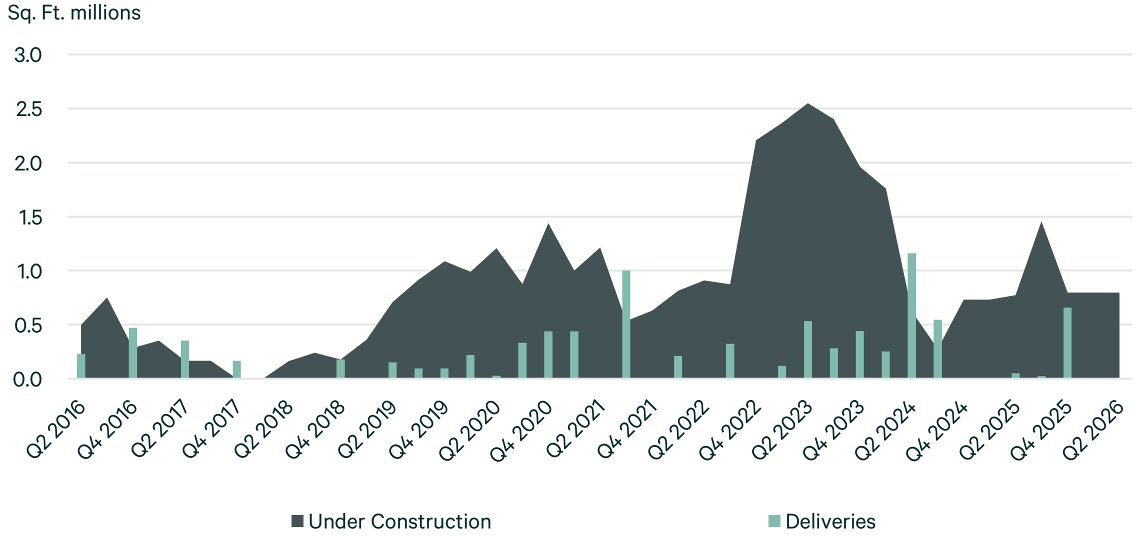
Source: CBRE Research, Q2 2026

Construction Activity

In Q2 2026, the market had 799,000 sq. ft. under construction and no construction deliveries. Under construction was flat quarter-over-quarter and 3.4% higher year-over-year, marking a quieter phase of development – particularly as no new projects broke ground so far this year.

Boynton Beach and Delray Beach are the submarkets with the highest construction activity, with 323,000 sq. ft. and 125,000 sq. ft. underway, respectively; all space in Boynton Beach is speculative, whereas Delray Beach is fully pre-leased. Other submarkets with projects underway include West Palm Beach, with 91,000 sq. ft. under construction and fully committed ahead of its expected Q3 2026 delivery.

Figure 5: Construction Activity



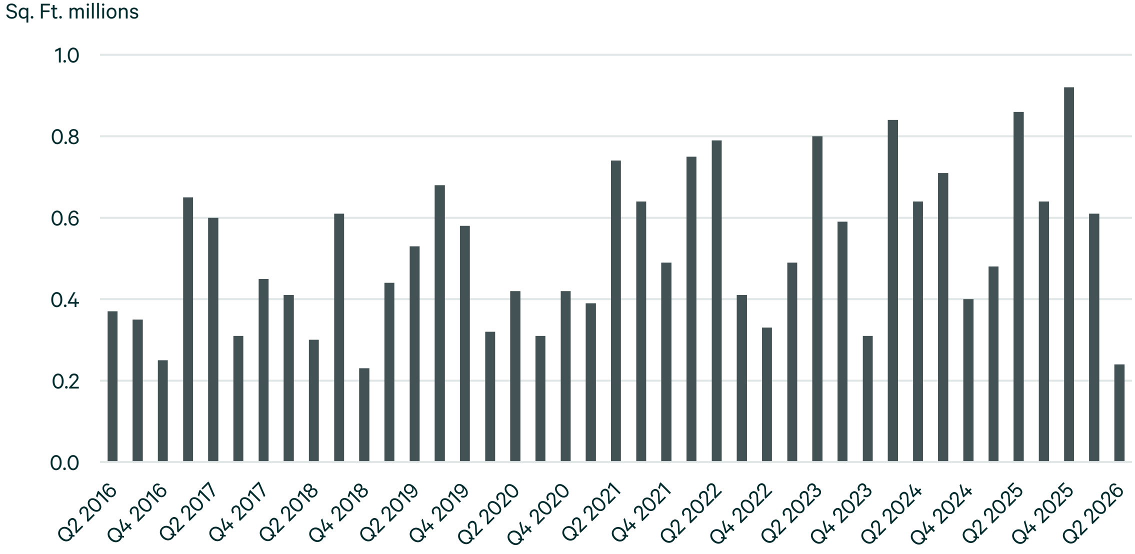
Source: CBRE Research, Q2 2026

Leasing Activity

Leasing activity in Q2 2026 totaled 243,000 sq. ft., while calendar year 2025 recorded 2.9 million sq. ft. of completed leasing. Compared with Q1 2026, Q2 2026 volume declined 60.4% quarter-over-quarter. The recent peak occurred in Q4 2025, when leasing reached 918,000 sq. ft.

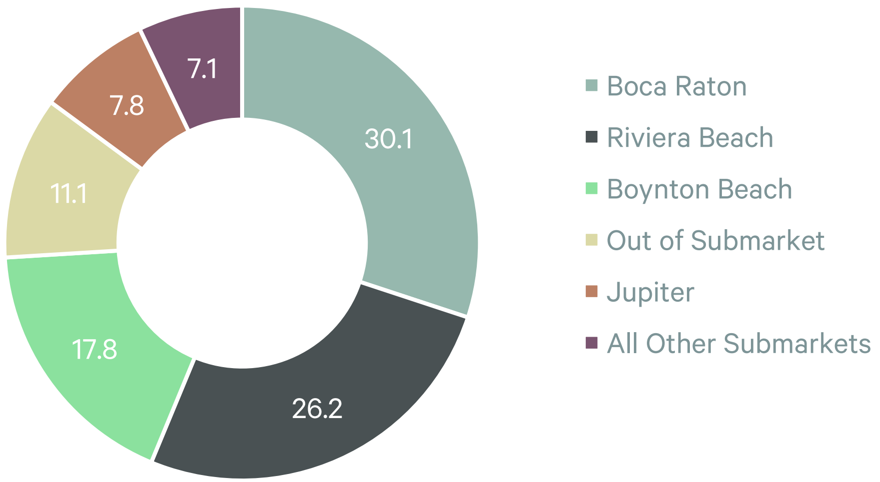
By submarket, Boca Raton and Riviera Beach were the strongest performers this quarter, with 73,000 sq. ft. and 64,000 sq. ft. leased, accounting for 30.0% and 26.3% of quarterly activity, respectively. Boynton Beach (43,000 sq. ft.), Out of Submarket (27,000 sq. ft.), Jupiter (19,000 sq. ft.), and West Palm Beach (17,000 sq. ft.) also posted positive leasing, rounding out the balance of active areas.

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q2 2026

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



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Boomers Volleyball Academy	32,000	New Lease	3800 S Congress Ave	Boynton Beach
Travelpro Products	30,000	Renewal	6500 Park Of Commerce Blvd	Boca Raton
Ryan Friedman Motor Cars	29,000	New Lease	1640 Silver Beach Rd	Riviera Beach
Carbogenesis	20,000	Renewal	7880 Central Industrial Dr	Riviera Beach
WM Printing	12,000	Renewal	2000 Corporate Dr	Boynton Beach
Forward Van Lines	12,000	New Lease	1300 N Florida Mango Rd	West Palm Beach
Bentkey Ventures	10,000	Renewal	6100 NW Broken Sound Pkwy	Boca Raton
Global Technology Systems	9,000	New Lease	3900 Fiscal Ct	Riviera Beach

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 9

Product Type	Net Rentable Area (SF)	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)
Distribution/Logistics	38.55M	9.9	10.8	10.0	0.9	13.68	34,000	(87,000)	-	799,000
Manufacturing - General	4.57M	1.8	1.8	1.8	-	11.54	(8,000)	(35,000)	-	-
R&D/Flex	7.98M	2.6	4.5	4.3	0.2	17.87	29,000	32,000	-	-
Total	**51.11M**	**8.0**	**9.0**	**8.4**	**0.7**	**13.98**	**55,000**	**(90,000)**	**-**	**799,000**

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (SF)	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)
Below 50K SF	22.50M	3.0	4.6	4.3	0.2	18.45	55,000	4,000	-	48,000
50K-99,999 SF	11.32M	5.1	6.3	6.1	0.2	15.79	1,000	31,000	-	401,000
100K-249,999 SF	11.50M	16.2	16.5	14.1	2.4	15.33	(120,000)	(254,000)	-	350,000
250K-499,999 SF	2.07M	20.5	20.5	20.5	-	10.15	120,000	130,000	-	-
500K-749,999 SF	1.21M	46.1	46.1	46.1	-	9.75	-	-	-	-
750,000 SF +	2.50M	-	-	-	-	-	-	-	-	-
Total	**51.11M**	**8.0**	**9.0**	**8.4**	**0.7**	**13.98**	**55,000**	**(90,000)**	**-**	**799,000**

Source: CBRE Research, Q2 2026

Market Statistics by Submarket

Figure 11

Submarket	Net Rentable Area (SF)	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	6.87M	2.7	4.4	4.3	0.1	17.14	66,000	55,000	-	-
Boynton Beach	4.87M	11.5	12.9	12.4	0.6	17.59	(47,000)	41,000	-	522,000
Delray Beach	2.72M	9.9	11.8	11.2	0.6	17.25	1,000	(13,000)	-	186,000
Jupiter	1.59M	1.3	0.9	0.9	-	18.74	8,000	2,000	-	-
Lake Worth	3.67M	2.5	4.1	4.0	0.1	21.02	(58,000)	(53,000)	-	-
Out of Submarket	5.34M	25.3	23.0	23.0	-	10.16	119,000	192,000	-	-
Riviera Beach	12.46M	4.8	6.2	6.1	0.1	16.08	25,000	(27,000)	-	-
West Palm Beach	13.60M	7.4	8.8	6.8	2.0	15.14	(59,000)	(288,000)	-	91,000
Total	**51.11M**	**8.0**	**9.0**	**8.4**	**0.7**	**13.98**	**55,000**	**(90,000)**	**-**	**799,000**

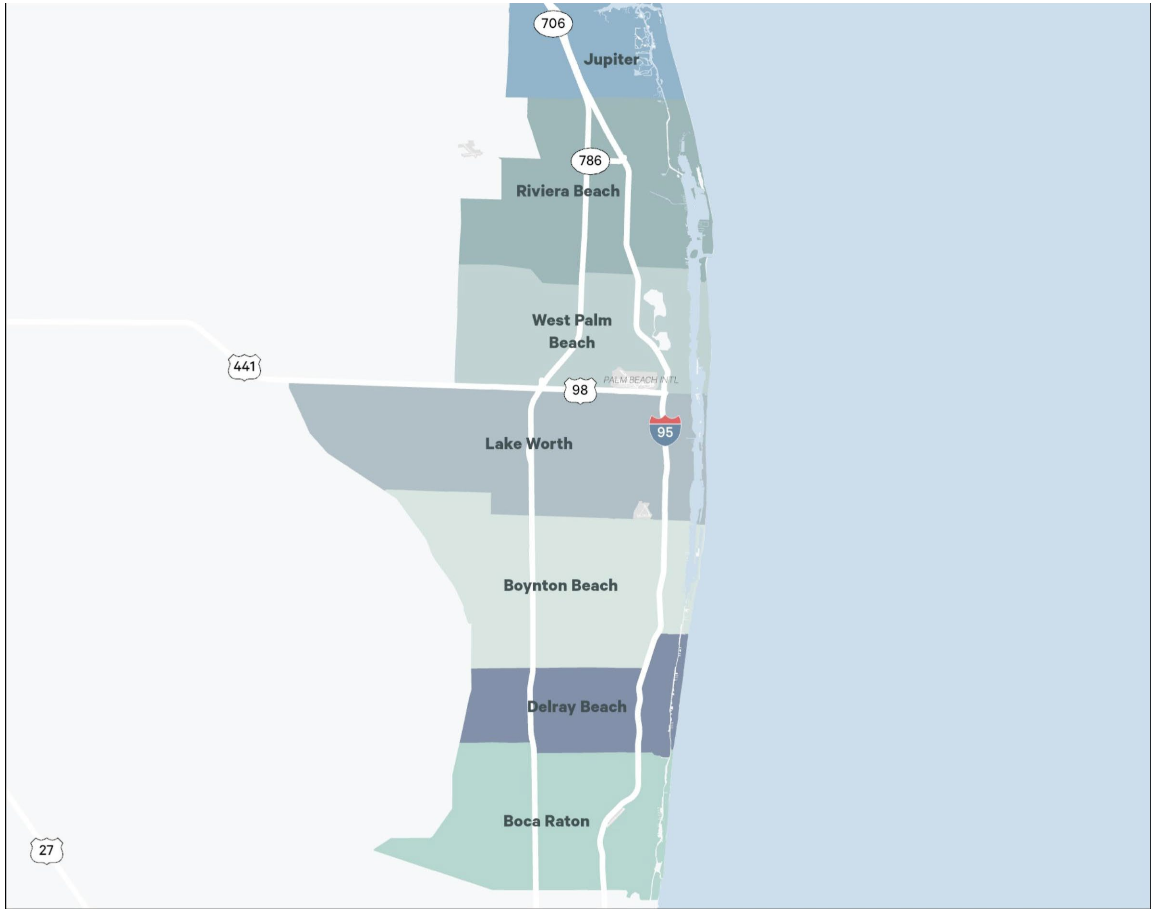
Source: CBRE Research, Q2 2026

Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue.

The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

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.

Survey Criteria

[Insert survey Criteria here. Contact your manager for specific criteria]

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