

SUPPLY

Palm Beach County's overall vacancy rate rose in Q2 following consecutive quarters of decreases, with vacancy reaching 8.1% at midyear, up 30 bps quarter-over-quarter (QOQ) and 100 bps year-over-year (YOY). Following four consecutive quarters of occupancy gains, SWI Technologies' 162,000 square-foot (sf) sublease vacancy reversed the trend, driving the uptick and pushing vacant sublease space to a five-year high. Recently completed buildings continued to keep vacancy elevated from the all-time market lows of 2022, with 3.9 million square feet (msf) of new product delivered since 2023, and still 54.0% available. The construction pipeline held steady QOQ, with Q2 marking the third consecutive quarter without a project delivery, a further sign of slowing construction activity in a market where inventory has expanded by nearly 20.0% since 2019. The 811,000 sf pipeline is slated to deliver in H2, with only 47.0% of that space still available for lease. Normalizing new development alongside strong preleasing should limit further supply pressure and set the stage for improved leasing and absorption conditions going into 2027.

DEMAND

New leasing activity decreased for the fourth consecutive quarter, pushing year-to-date (YTD) deal volume to just over 514,000 sf. Average deal size has decreased for three consecutive quarters, while the number of deals signed remained relatively level. With much of the market's vacancy tied to a handful of big-box availabilities, the market's core mid-size spaces have dwindled, limiting leasing activity in the county. Overall absorption turned negative in Q2, offsetting occupancy gains from Q1 and bringing YTD losses to 70,000 sf. SWI Tech's full-building vacancy and Eastern Metal's 110,000-sf downsizing/relocation represented the quarter's largest move-outs, offsetting Jupiter's strongest quarter since 2021. The submarket's 167,000 sf of gains were driven by Alaris' 130,000-sf occupancy and the Town of Jupiter's 30,000-sf owner-user sale. With strong preleasing, ongoing lease-up of new supply, and approximately 550,000 sf already leased and slated to occupy by year-end, absorption is expected to rebound in the second half of the year.

PRICING

Palm Beach County's overall average asking rate fell for the third quarter in a row, down 0.6% QOQ to \$13.69 per square foot (psf), driven by the large block influx of discounted sublet space. while still posting a 4.6% YOY increase. While rent decreased in the county's northern half, South Palm Beach's three submarkets all recorded annual increases, with Boca Raton's \$18.12 psf the market leader.

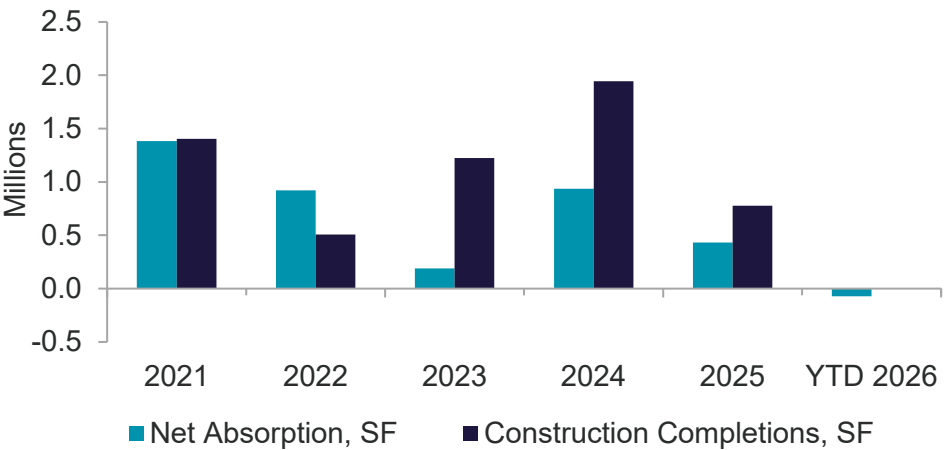
MARKET FUNDAMENTALS

	YOY Chg	Outlook
8.1% Vacancy Rate	▲	▼
-70K YTD Net Absorption, SF	▼	▲
\$13.69 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▲

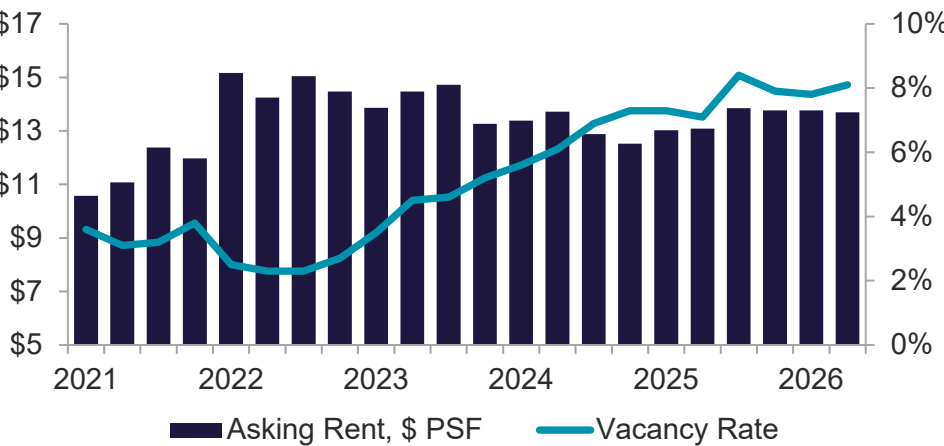
ECONOMIC INDICATORS

	YOY Chg	Outlook
706K Palm Beach County Employment*	▼	▲
4.8% Palm Beach County Unemployment Rate*	▲	▼
4.2% U.S. Unemployment Rate <i>Source: BLS</i>	—	▲

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)*	UNDER CNSTR (SF)	YTD CNSTR COMPL (SF)	OVERALL WEIGHTED AVG NET RENT (MF)**	OVERALL WEIGHTED AVG NET RENT (OS)**	OVERALL WEIGHTED AVG NET RENT (W/D)**	OVERALL WEIGHTED AVG NET RENT**
Boca Raton	7,192,758	133,667	1.9%	2,664	14,719	20,356	0	0	N/A	\$18.99	\$16.53	\$18.12
Boynton Beach	3,451,003	582,263	16.9%	-63,496	-63,496	129,858	519,991	0	N/A	\$17.95	\$16.45	\$16.48
Delray Beach	1,810,946	252,598	14.0%	6,335	2,448	9,695	200,000	0	N/A	\$15.67	\$16.06	\$16.03
Jupiter	5,918,403	1,338,936	22.6%	167,465	200,834	179,827	0	0	N/A	\$13.25	\$10.43	\$10.56
Lake Worth	2,097,951	35,721	1.7%	2,390	3,143	34,643	0	0	N/A	N/A	\$22.15	\$22.15
Riviera Beach	8,632,471	435,257	5.0%	667	19,533	52,770	0	0	\$17.00	N/A	\$14.60	\$14.81
West Palm Beach	14,967,485	782,959	5.2%	-247,548	-247,632	87,259	90,998	0	\$12.59	\$19.04	\$15.52	\$15.38
PALM BEACH TOTAL	44,071,017	3,561,401	8.1%	-131,523	-70,451	514,408	810,989	0	\$13.78	\$17.15	\$13.43	\$13.69

*Renewals not included in leasing statistics **Rental rates reflect weighted net asking \$psf/year

PRODUCT TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)*	UNDER CNSTR (SF)	YTD CNSTR COMPL(SF)	OVERALL WEIGHTED AVG NET RENT**
Manufacturing	6,498,245	106,699	1.6%	9,000	9,000	18,600	0	0	\$13.78
Office Service	4,966,976	209,398	4.2%	9,439	15,751	55,794	0	0	\$17.15
Warehouse/Distribution	32,605,796	3,245,304	10.0%	-149,962	-95,202	440,014	810,989	0	\$13.43

KEY LEASE TRANSACTIONS Q2 2026

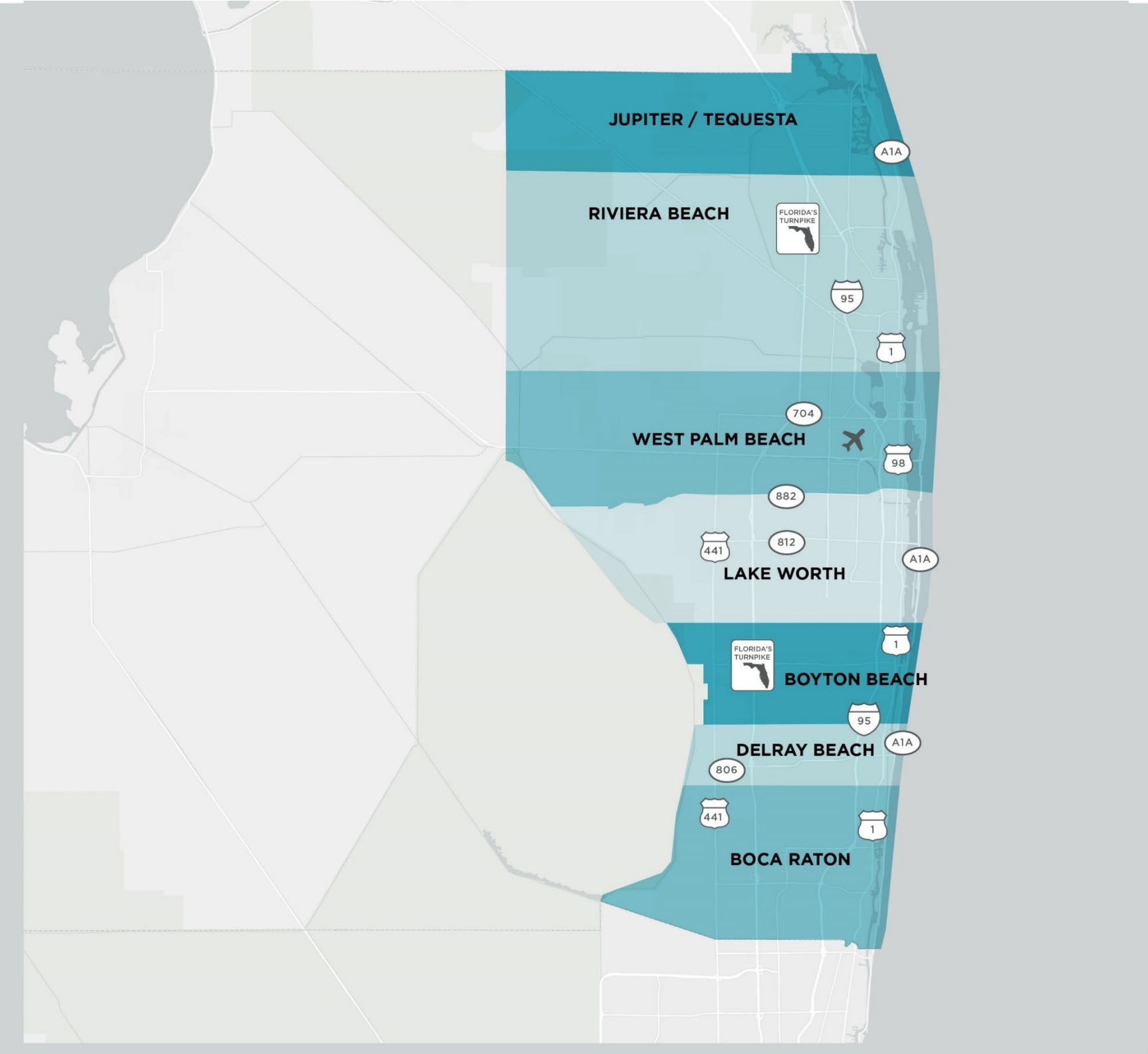
PROPERTY	SUBMARKET	TENANT	SF	TYPE
362 Haverhill Rd	West Palm Beach	Lasership	63,548	Renewal*
3800 South Congress Avenue	Boynton Beach	Boomers Volleyball Academy	31,636	New
1220 SW 35th Ave	Boynton Beach	Drapery Castle Incorporated	29,789	Renewal*
1640 Silver Beach Rd	Riviera Beach	Ryan Friedman Motor Cars, LLC;	29,141	New
7880 Central Industrial Dr	Riviera Beach	Carbogenesis LLC	20,000	Renewal*

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Gateway Center (Portfolio Sale)	Boynton Beach	Prologis, Inc. Link Logistics	142,202	\$195.9M \$244
2001 Australian Avenue	Riviera Beach	Realterm Logistics The Silverman Group	180,500	\$34.0M \$188
1141 S Rogers Circle	Boca Raton	Penn-Florida Realty Corporation TerraCap Management	71,000	\$15.0M \$211

INDUSTRIAL SUBMARKETS



CONNOR SALZMAN
Senior Research Analyst
Tel: +1 954 892 7000
Connor.Salzman@cushwake.com

ERIC MESSER
Director of Research
Florida & Texas
Tel: +1 954 377 0519
Eric.Messer@cushwake.com

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