

MarketView

Palm Beach County Industrial

Fourth Quarter 2008

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Quick Stats

	Current	Change from last	
		Yr.	Qtr.
Vacancy	8.6%	↑	↑
Lease Rates	\$7.91	↓	↓
Net Absorption	(119) K	↑	↑
Construction	0	↓	↔

*The arrows are trend indicators over the specified time period and do not represent a positive or negative value. (e.g., absorption could be negative, but still represent a positive trend over a specified period.)

Hot Topics

- The combination of the continued housing industry fall out due to creative lending and the unprecedented volatility on Wall Street and the banking sector has had a negative impact on almost everyone and every business throughout the country.
- The health of the residential real estate market is a leading indicator of things to come in the Industrial market. One sign of optimism is that residential sales volume has been increasing with many value buyers taking advantage of good opportunities. The unknown is how long will it take for the unoccupied residential product to get absorbed to a level that will require an increase in new home construction.

The combination of the housing industry downturn and the unprecedented volatility on in the financial markets has had a negative impact on almost every sector of business across the country. In response to consumers are not making as many purchases, and as a result, manufacturing has slowed. The Kansas City Fed survey index of manufacturing, a key indicator to the health of the manufacturing industry, registered another drop in November to 31 from October's 23 in production. The downturn in production of manufactured goods has had a negative effect on the industrial/warehouse real estate market.

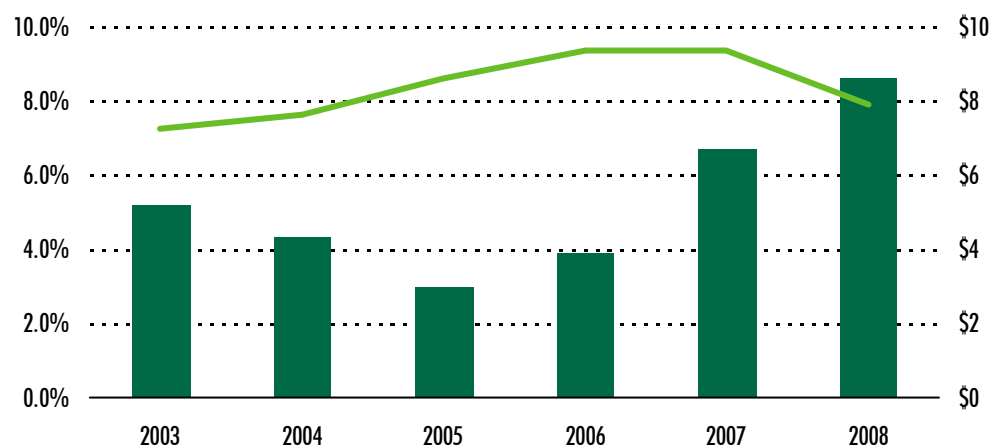
The Palm Beach industrial market vacancy rates increased by 1.9 percentage points and asking rates have dropped by 9.4 percent as a result of the economic downturn over the past year. Year-to-date absorption was negative 118,642 sq. ft. due to move outs adding to the supply side. It is anticipated that demand will continue to lag supply resulting in availability continuing to increase through 2009.

Year-to-date sales activity, including condo units, totaled 1,336,046 sq. ft., totaling over \$113 million in sales. With investment property transactions decreasing, cap rates have increased to levels between 7.5 percent and 10 percent with transaction volume down over 50 percent compared to one year ago. The demand for user buildings has declined throughout Palm Beach County. The buyers are cautious and are looking for bargains. The value of user buildings decreased throughout the county with opportunities to purchase buildings as low as \$40 per sq. ft. to a high of \$130 per sq. ft. for prime Class A space.

This year there was over 875,000 sq. ft. of new industrial inventory which completed construction, of which 33 percent was leased at the time of delivery. Projects include Southern Mills Business Park, 180,000 sq. ft., International Corporate Centers II and III, 170,785 sq. ft., Premier Park Of Commerce, 164,796 sq. ft., Southern Park of Commerce, 92,000 sq. ft.

Vacancy Rate -vs- Rental Rate

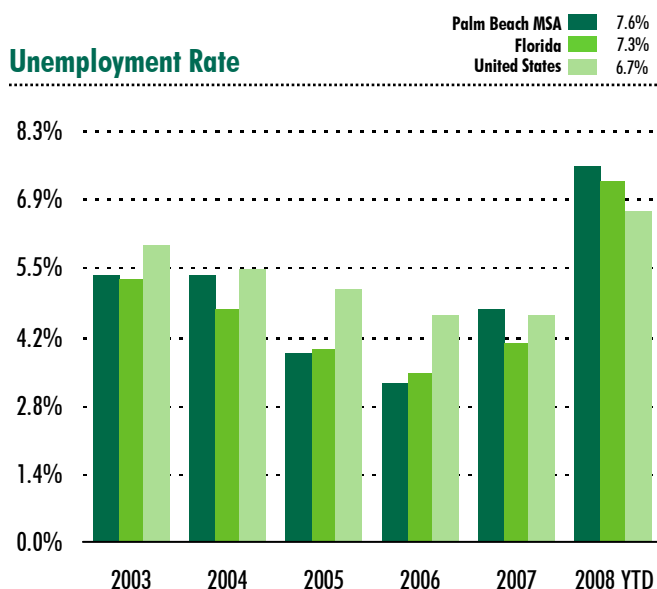
Vacancy Rate 8.6%
Rental Rate \$7.91



Market Statistics

Market	# Bldgs	Rentable Area	Vacancy %	2008 Absorption	Under Construction	Average Asking Lease Rate NNN
Boca Raton	232	8,916,045	4.4%	(11,138)	0	\$10.30
Delray Beach	103	3,501,459	13.7%	(138,774)	0	\$8.62
Boynton Beach/Lantana	148	5,850,440	8.6%	110,468	0	\$7.52
Lake Worth/Wellington	157	4,508,537	5.6%	84,195	0	\$7.44
West Palm Beach	612	19,320,216	7.9%	117,562	0	\$7.63
Riviera Beach	307	11,062,186	10.7%	(205,604)	0	\$6.50
Jupiter	99	3,856,508	13.5%	(75,351)	0	\$8.39
Total Palm Beach	1,658	57,015,391	8.6%	(118,642)	0	\$7.91

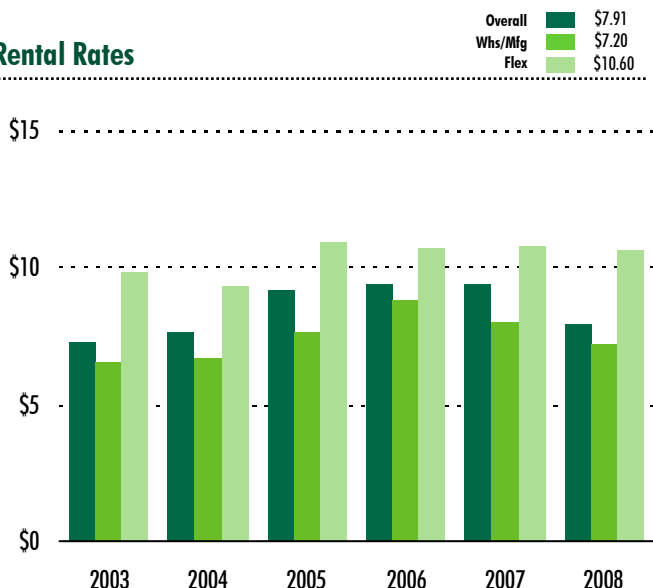
Unemployment Rate



Florida jumped to second nationwide in the rate of foreclosures for November, according to a report by housing research firm RealtyTrac. In July, Florida was third in the nation. These numbers show that one in every 198 residential properties received either a notice of mortgage default, auction sales or bank repossession.

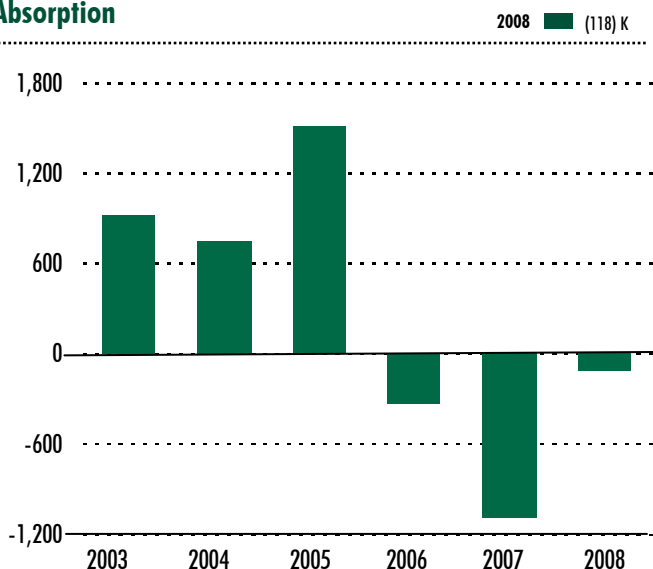
For the Palm Beach metropolitan areas, 2,152 foreclosure filings were reported for the County, a slight increase from the 1,976 filings reported in July. This translates to one in every 293 households receiving a filing.

Rental Rates



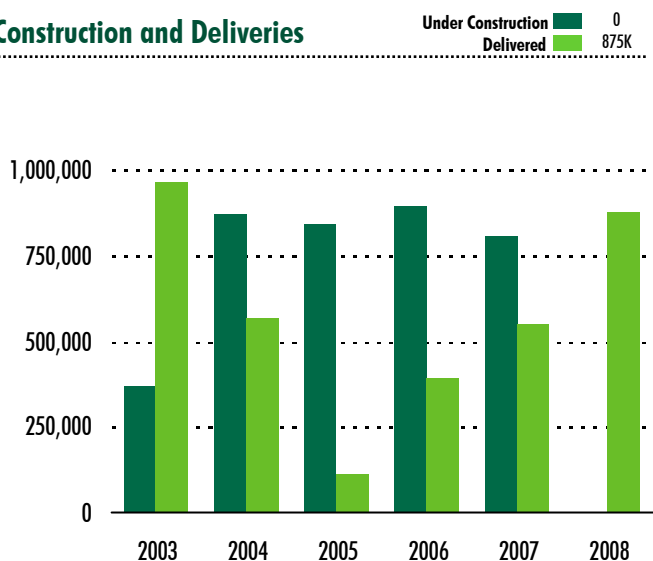
The Palm Beach County industrial market continues to witness a decrease in market asking rates. The average asking warehouse/distribution space base rental rates experienced decrease of 9.4 percent from the \$7.95 price per sq. ft. NNN rate quoted during fourth quarter of 2007 to a current rate of \$7.20 per sq. ft. NNN. Average asking rates for available flex properties experienced an decrease of 1.1 percent from \$10.72 per sq. ft. NNN rate quoted fourth quarter 2007 to a current rate of \$10.60 per sq. ft. NNN. The stated asking rates are somewhat deceiving, and does not provide a true indication of where deals are actually being done. Landlords are aggressively doing what it takes to get spaces leased and to keep existing tenants by providing rental abatements and allowances.

Absorption



Year-to-date absorption in the Palm Beach County industrial market remains negative. Much of the leasing activity during 2008 was renewals, downsizing and consolidations. A majority of the new leases that took place during 2008 were with companies that either could not justify or could not afford to pay historical rental rates during the boom, or are now finally looking to come into a market that now has a reduced amount of competition with the opportunity to get established in the market at a lower cost.

Construction and Deliveries



There are currently no buildings under construction in the Palm Beach County Market. However, there are 30 speculative projects totaling over three million sq. ft.

Notable planned projects include:

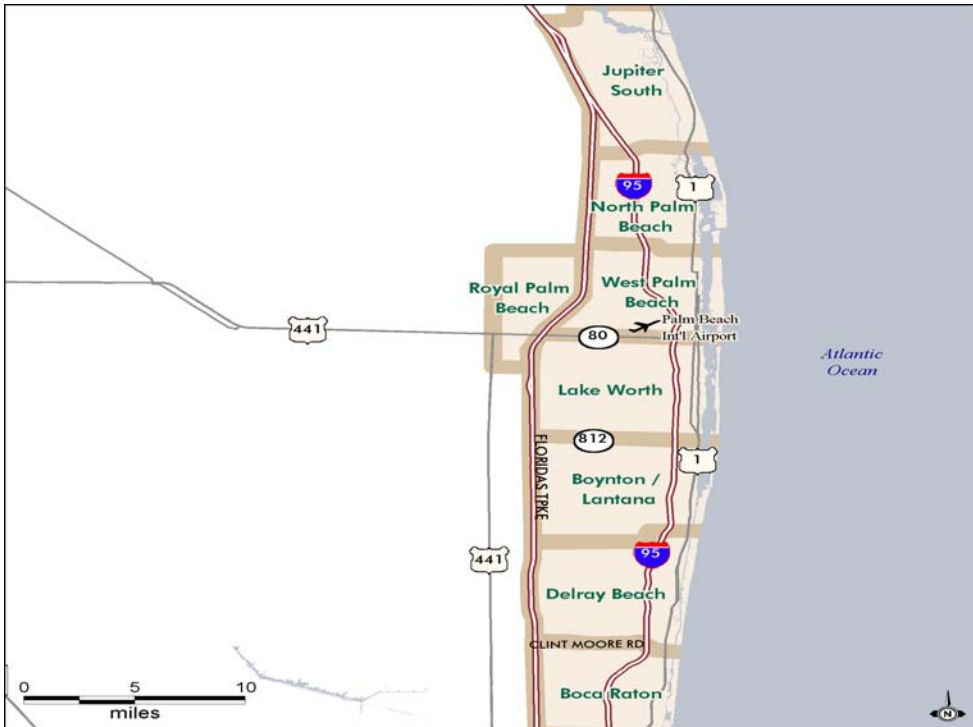
Turnpike Crossing	West Palm Beach	1,118,520 SF
Prologis Park	West Palm Beach	297,352 SF
First Park South Florida	Jupiter	160,000 SF
Oceans 95 Exchange Park	Boynton Beach	132,947 SF

MarketView Palm Beach County Industrial

2008 Top Lease Transactions

Size (Sq. Ft.)	Tenant	Location
57,278	FedEx	Premier Gateway Center, Boynton Beach
44,937	National Recycling Services	Premier Airport Center, West Palm Beach
36,387	Tru-Bamboo LLC	Premier Gateway Center, Boynton Beach
36,379	Comcast Of Florida	7201 N Federal Hwy., Boca Raton

Palm Beach Submarket Map



MIAMI-DOWNTOWN

777 Brickell Avenue
Suite 900
Miami, FL 33131
Tel 305.374.1000

NORTH PALM BEACH

4400 PGA Boulevard
Suite 102
Palm Beach Gardens, FL 33410
Tel 561.227.1800

BROWARD

200 E. Las Olas Boulevard
Suite 1620
Ft. Lauderdale, FL 33301
954.462.5655

BOCA RATON

5355 Town Center Road
Suite 701
Boca Raton, FL 33486
Tel 561.394.2100

SARASOTA

101 Arthur Anderson Parkway
Suite 160
Sarasota, FL 34232
Tel 941.341.9710

NAPLES

1100 5th Avenue South
Suite 100
Naples, FL 34102
Tel 239.659.1447

FORT MYERS

13350 Metro Parkway
Suite 102
Fort Myers, FL 33966
Tel 239.481.3800

ORLANDO

189 S. Orange Avenue
Suite 1900
Orlando, FL 32801
Tel 407.404.5000

TAMPA

201 E. Kennedy Boulevard
Suite 1500
Tampa, FL 33602
Tel 813.229.3111

TAMPA

400 N. Ashley Drive
Suite 1700
Tampa, FL 33602
Tel 813.229.8545

JACKSONVILLE

225 Water Street
Suite 110
Jacksonville, FL 32202
Tel 904.634.1200

Average Asking Lease Rate

Rate determined by multiplying the asking net lease rate for each building by its available space, summing the products, then dividing by the sum of the available space with net leases for all buildings in the summary.

Net Leases

Includes all lease types whereby the tenant pays an agreed rent plus most, or all, of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses.

Market Coverage

Includes all competitive industrial buildings 10,000 square feet and greater in size.

Net Absorption

The change in occupied square feet from one period to the next.

Net Rentable Area

The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies, and stairwell areas.

Occupied Square Feet

Building area not considered vacant.

Under Construction

Buildings which have begun construction as evidenced by site excavation or foundation work.

Available Square Feet

Available Building Area which is either physically vacant or occupied.

Availability Rate

Available Square Feet divided by the Net Rentable Area.

Vacant Square Feet

Existing Building Area which is physically vacant or immediately available.

Vacancy Rate

Vacant Building Feet divided by the Net Rentable Area.

Normalization

Due to a reclassification of the market, the base, number and square footage of buildings of previous quarters have been adjusted to match the current base. Availability and Vacancy figures for those buildings have been adjusted in previous quarters.

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