

An aerial photograph of West Palm Beach, Florida, showing a dense residential and commercial area. A blue building is highlighted with a light blue outline. The building is located near a tennis court and a parking lot. In the background, there is a large body of water, likely the Intracoastal Waterway, and the ocean. The Colliers logo is in the top left corner.

Colliers

For Sale

426 Claremore Drive

West Palm Beach, FL

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This is a confidential Offering Memorandum intended solely for your own limited use to determine whether you wish to express any further interest in the property. This confidential memorandum contains brief, selected information pertaining to the business and affairs of the Site and has been prepared by Colliers International Florida, LLC, primarily from information supplied by the Owner. Although this confidential memorandum has been reviewed by representatives of the Owner, it does not propose to be all-inclusive, nor does it contain all the information which a prospective purchaser may require or desire. Neither the Owner, nor any of its officers, directors, employees or agents, nor Colliers International Florida, LLC, makes any representation or warranty, expressed or implied, as to the accuracy or completeness of this confidential memorandum or any of its contents, and no legal liability is assumed or is to be implied by any of the aforementioned with respect thereto.

Prospective offerors are advised to verify the information independently. The Owner reserves the right to change the price or any information in this Memorandum, or to withdraw the Site from the market at any time, without notice. This confidential memorandum shall not be deemed an indication of the state of affairs of the Property or the Owner, nor shall it constitute an indication that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of this memorandum. By your receipt of this confidential memorandum, you agree that the information contained herein is of a confidential nature and you will not disclose this memorandum or any part of the contents to any other person, firm or entity without prior authorization from Colliers International Florida, LLC.

Offering Procedure

Offers should be submitted in the form of a standard non-binding Letter of Intent, which can be provided by the broker, and must specify the following:

- Price (call for pricing guidance)
- Pricing should contain individual property valuation breakdown
- Length of Inspection Period
- Length of Closing Period
- Amount of earnest money deposit at execution of a Purchase and Sale Contract
- Amount of additional deposit upon expiration of Inspection Period

Property Tours

Interested parties must execute a confidentiality agreement and schedule a prearranged time with the broker prior to touring the property. Tours will be conducted by appointment only and no one is allowed to tour the property and disturb tenants without owners' knowledge. Please see broker contact information to schedule a tour.

South Florida Investment Services Team

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Market Overview



In the heart of a surging market and surrounded by activity including The Greene School's expansion and redevelopment of The Press/Shoppes at the Press.

Executive Summary

On behalf of the owner, the **Colliers | South Florida Investment Services Team** is pleased to present for sale **426 Claremore Drive** (the "Property" or "Building") in West Palm Beach, Florida. Located in one of the most desirable submarkets in Florida, the Property is positioned just blocks south of Downtown West Palm Beach in between US-1 and Parker Avenue. The Building presents a highly attractive and unique opportunity to owner/users and investors looking for real estate in a vibrant and growing part of one of South Florida's largest cities.

West Palm Beach features outstanding market fundamentals with low vacancies, tremendous rent growth, and strong demographics from income and household growth. The area has increasingly become a highly sought-after location for wide ranges of tenants as organizations look to either relocate or open secondary locations in the region. The Property's central location and proximity to Downtown, the Palm Beach Airport, I-95, and the beaches is very appealing to a swath of tenants. Furthermore, there is interesting development activity surrounding the Property; notably The Greene School's expansion just north of the Building and The Press/ Shoppes at the Press redevelopment just south.

The in-place zoning allows for a wide range of uses by right including retail, office, and medical office. Combined with close proximity to Downtown West Palm Beach, The Square, and Brightline Station; and direct access to I-95, the Property presents a one-of-a-kind opportunity for both investors and owner/users alike.

Investment Highlights



Well located Property just blocks south of Downtown West Palm Beach and steps from US-1.



Fantastic access to I-95 between Belvedere Road and Okeechobee Boulevard.



In the heart of a surging market and surrounded by activity including The Greene School's expansion and redevelopment of The Press/Shoppes at the Press.



Ideal investment for owner/users and investors drawn to the appeal of West Palm Beach.



Address
426 Claremore Drive
West Palm Beach, FL



Year Built / Renov
1925



Parking
Parking Lot (via easement), Side Yard, and Street Parking



Building SF
20,500



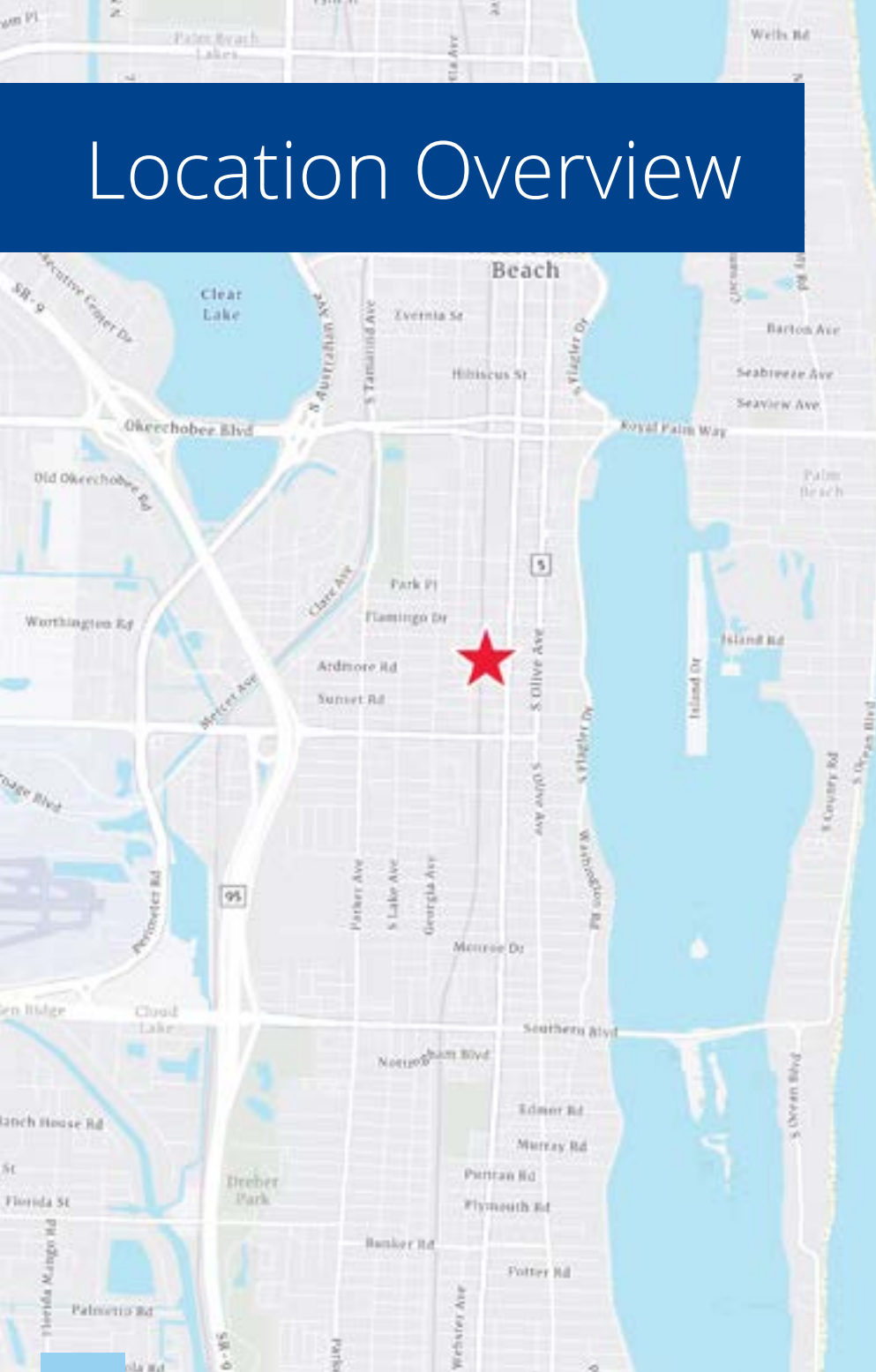
Zoning
GC - General Commercial
(West Palm Beach)



Land Area
11,169 SF
0.2564 Acres



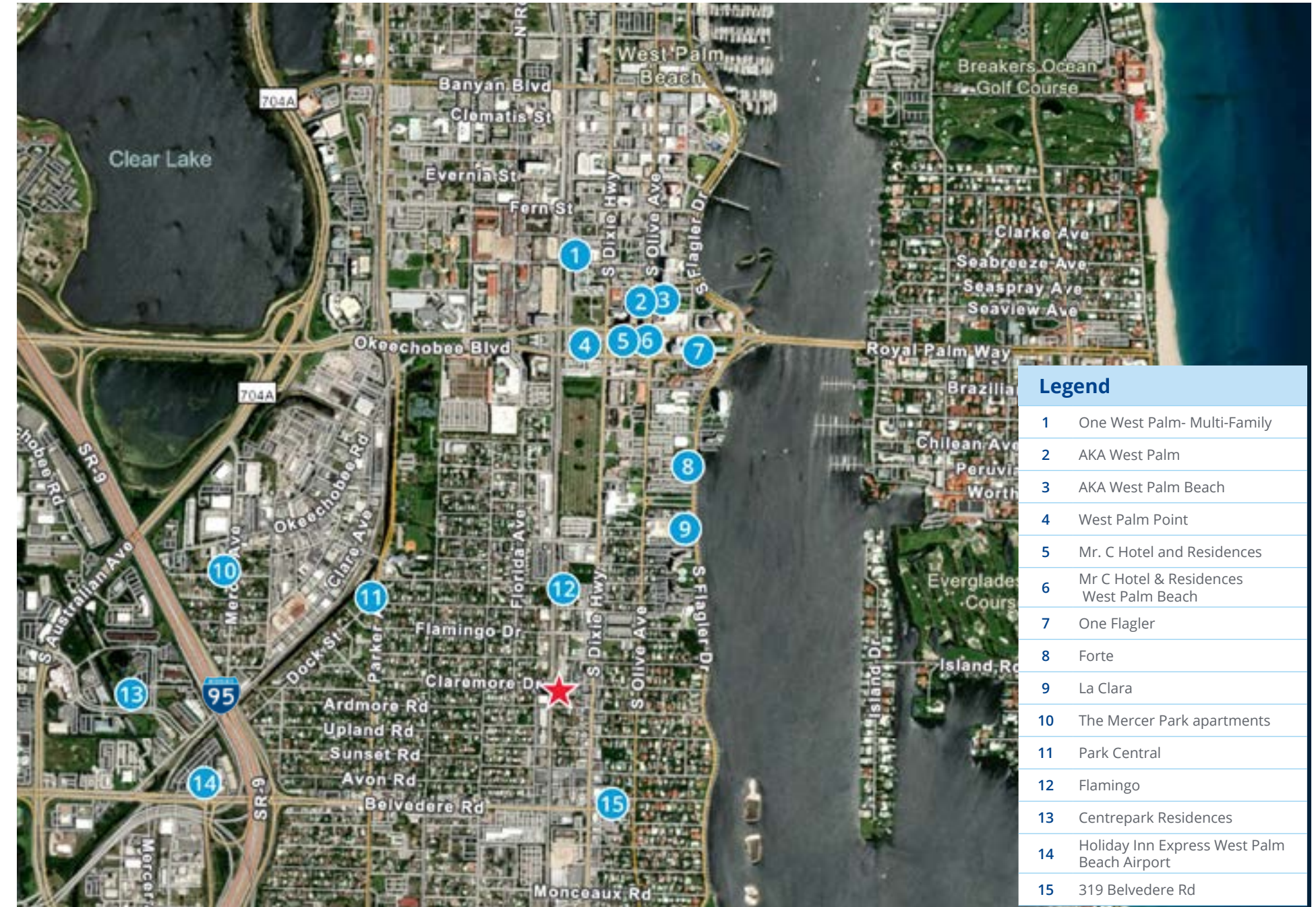
Location Overview



The subject property is located just south of Downtown West Palm Beach, just a few blocks from South Dixie Highway (U.S. Route 1) in a dense commercial area. Situated a short drive from an on-ramp to Interstate-95 in the Sunshine Park neighborhood, and blocks away from Palm Beach International Airport, the property benefits from being surrounded by a myriad of major retailers and an abundance of amenities. Major retailers in the immediate vicinity include Publix Supermarket, Starbucks, Bedner's Farm Fresh Market, Composition Coffee House, Civil Society Brewing Company, and Joy Noodles and Asian Cuisine. Amenities in the area include Club Pilates, 1 Fitness, El Cid Fitness, Holiday Inn Palm Beach Airport, Canopy by Hilton West Palm Beach Downtown, and Good Samaritan Medical Center. Additionally, the property benefits from excellent transportation access, by its proximity to the Brightline West Palm Beach Station, the West Palm Beach Tri-Rail Station, and the Palm Beach International Airport.

The property's proximity to local demand generators, major submarkets and roadways is shown below:

Demand Generators	Distance	Drive Time
Interstate-95	0.9 miles	4 minutes
Brightline West Palm Beach Station	1.3 miles	5 minutes
West Palm Beach CBD	1.3 miles	5 minutes
Palm Beach International Airport	1.9 miles	7 minutes
Florida's Turnpike	6.1 miles	14 minutes
Fort Lauderdale CBD	43.4 miles	62 minutes
Port Everglades	48.0 miles	65 minutes
Miami CBD	68.3 miles	80 minutes
Port Miami	69.4 miles	80 minutes



Legend	
1	One West Palm- Multi-Family
2	AKA West Palm
3	AKA West Palm Beach
4	West Palm Point
5	Mr. C Hotel and Residences
6	Mr C Hotel & Residences West Palm Beach
7	One Flagler
8	Forte
9	La Clara
10	The Mercer Park apartments
11	Park Central
12	Flamingo
13	Centrepark Residences
14	Holiday Inn Express West Palm Beach Airport
15	319 Belvedere Rd

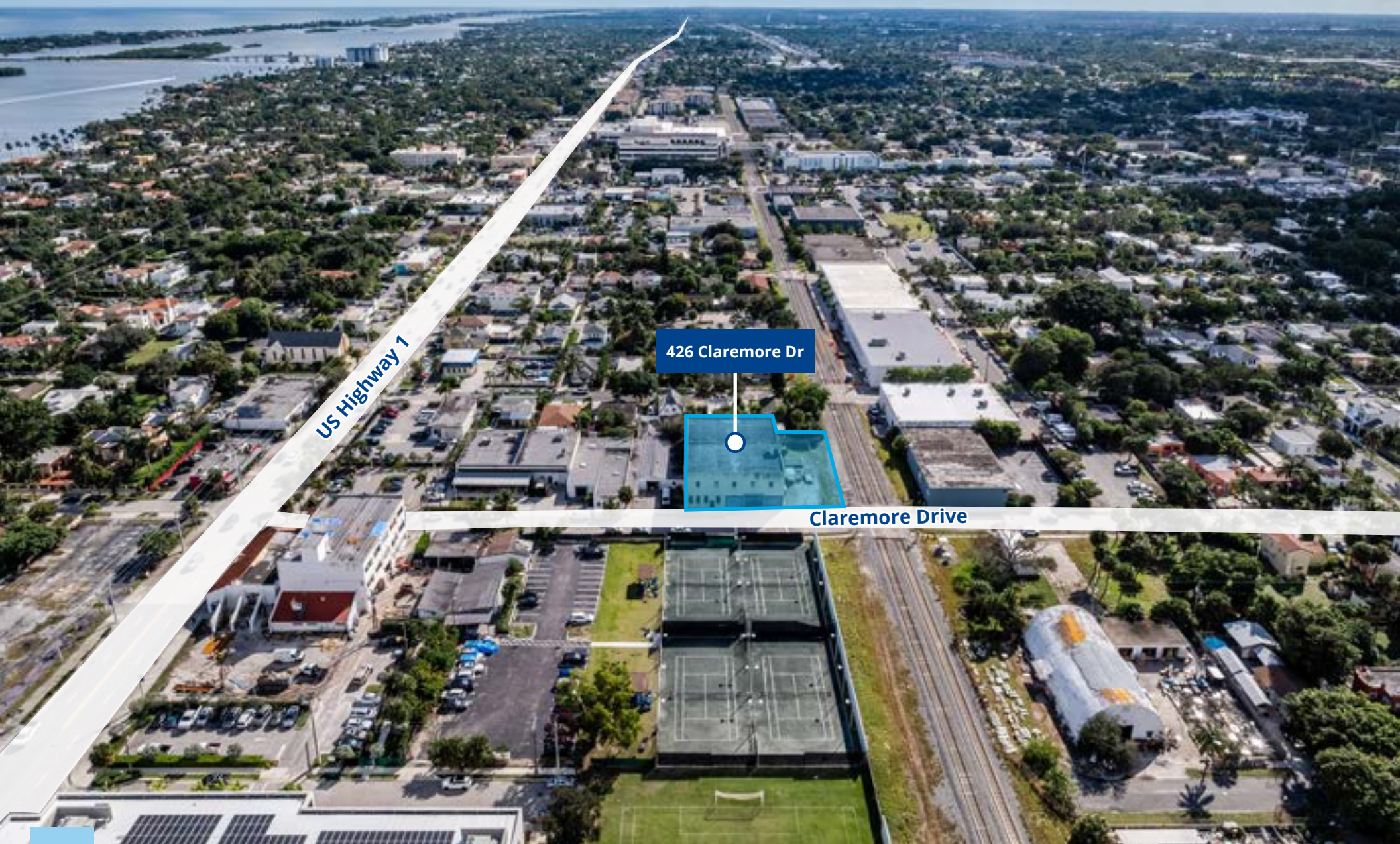
North View



East View



South View



West View



Property Information

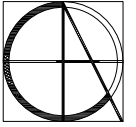
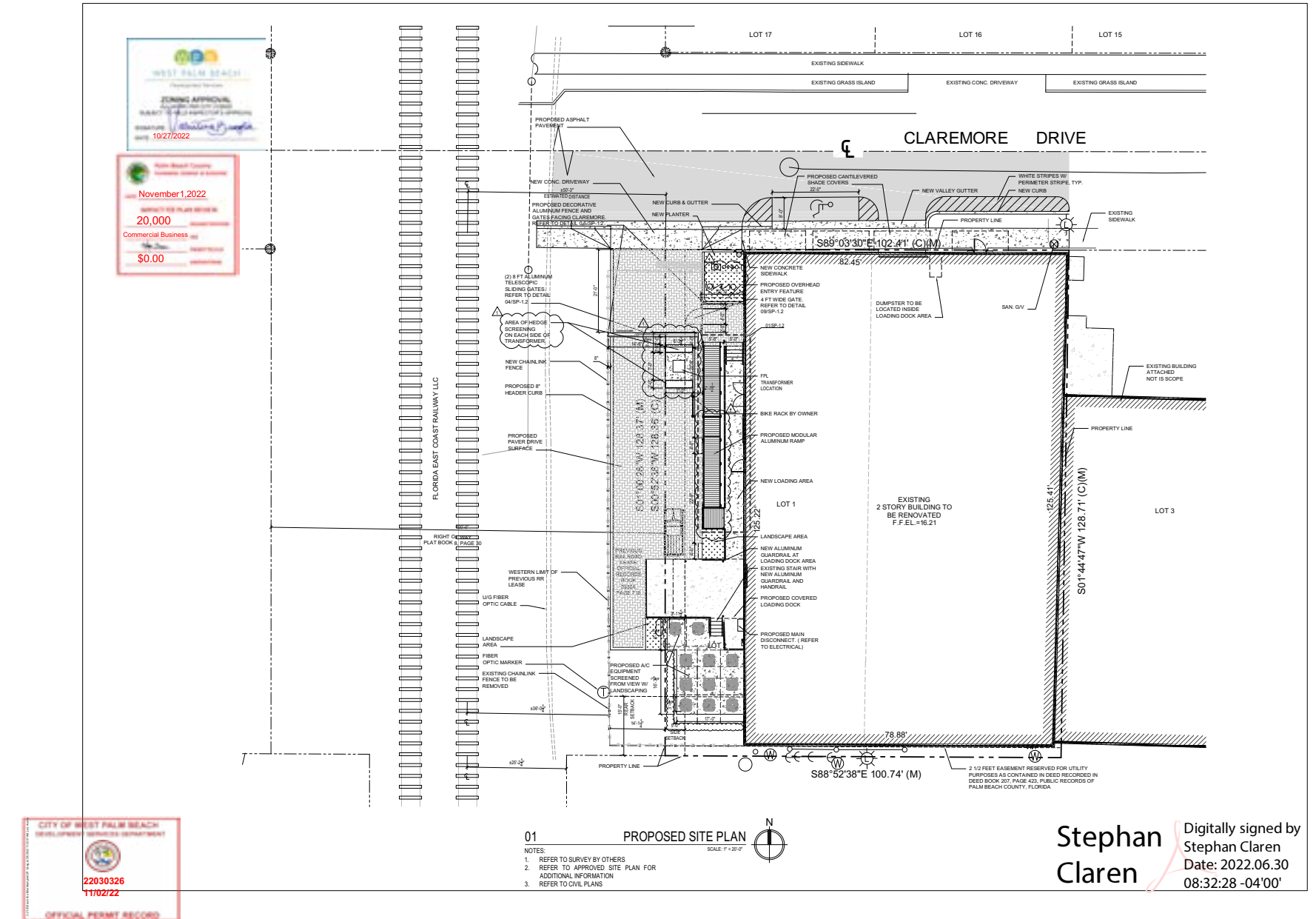
Address	426 Claremore Drive West Palm Beach, FL 33401
County	Palm Beach County
Net Rentable Area	20,500 SF
Land Area	0.2564 AC
Year Built / Renovated	1925
Elevators	1 Freight
Number of Stories	2
Tenancy	Vacant - Single Tenant Setup
Parking	Parking Lot (via easement), Side Yard, and Street Parking
Zoning	GC General Commercial (West Palm Beach)
Future Land Use Designation	Commercial (West Palm Beach)
Real Estate Taxes	In Florida, real estate taxes are paid in arrears and are due March 31st for the previous calendar year. The tax liability is discounted 1.0% per month for early payment (up to 4.0% if paid in November).



Zoning Overview

Parcel Control Number	74-43-43-28-06-021-0011
Zoning District	GC, General Commercial
Future Land Use	Commercial
Generally Permitted Uses	Commercial, Retail, Industrial, Office, Medical Office, Schools
Maximum FAR	0.75
Maximum Building Height	None
Maximum Lot Coverage	60%

Site Plan | 2022



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BOCA RATON, FL 33487
561.961.1854
www.clarenarchitecture.com

Building Renovation For:
Jack The Bike Man
Children's Bicycle Charity
426 Claremore Drive
West Palm Beach, FL 33401



PROJECT #	21-059
DATE	2-25-2022
REV #	DATE
△	BLDG. DEPT. COMM.
△	6-28-2022
△	
△	
△	
SHEET #	SP-1
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Parking Easement

As stated in the **Cross Parking, Access and Maintenance Agreement** made on January 29th, 2021, the owner of the Property is entitled to ½ of the parking spaces in the 30 space parking lot at **504 Claremore Drive** - shared with the owner of 420 Claremore Drive.

Both owners shall pay their proportionate share of maintenance expenses and their proportionate share of real estate taxes owed on 504 Claremore Drive.

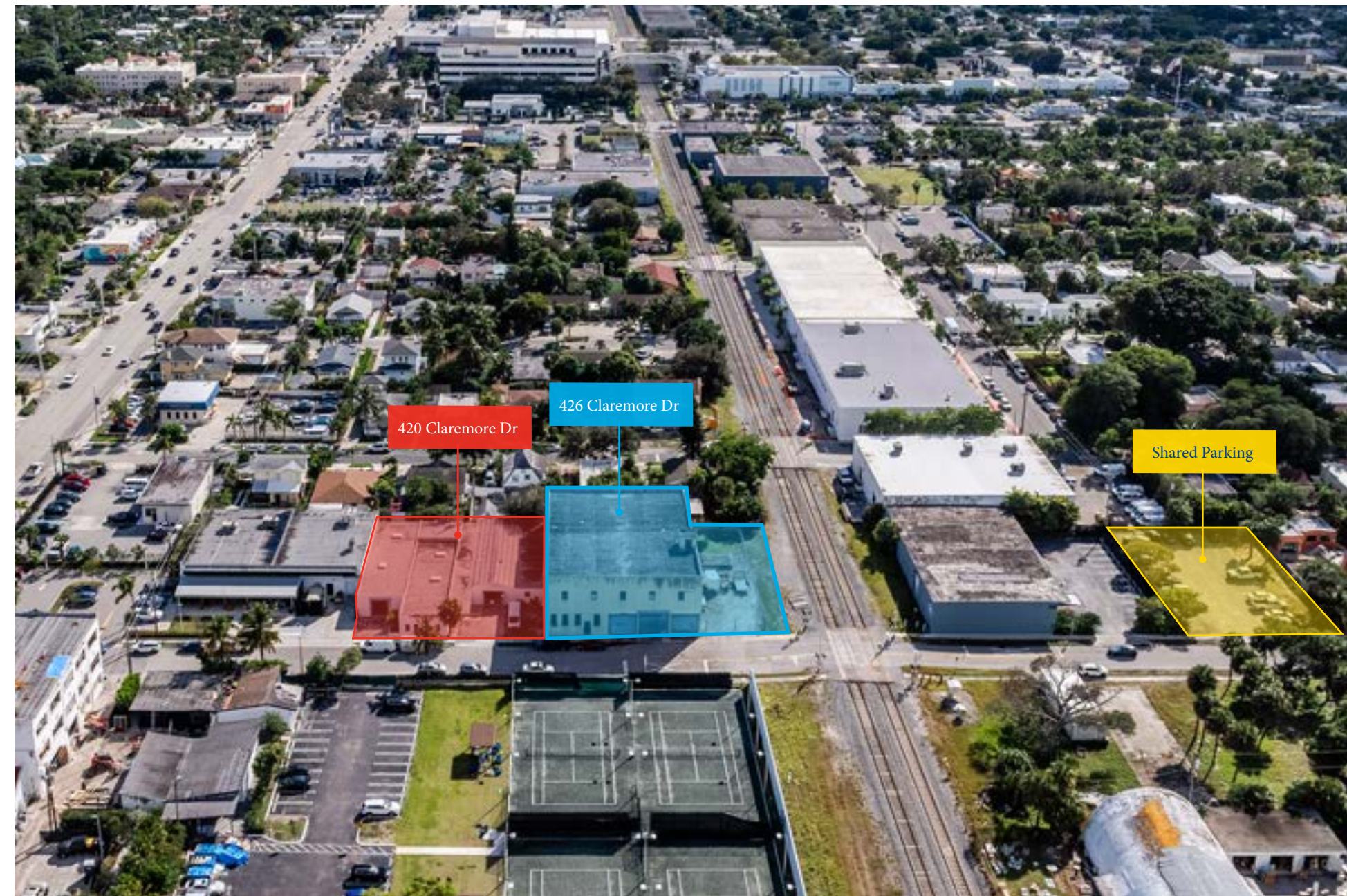
Both owners have the right of ingress and egress over 504 Claremore Drive for all time.

This agreement is to the benefit of the owners of both properties, their heirs, successors and assigns which at any time in the future shall become owner of either properties.

*The 1,808 square foot strip of land immediately west of the Subject is included in the sale and can also be used for parking.



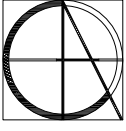
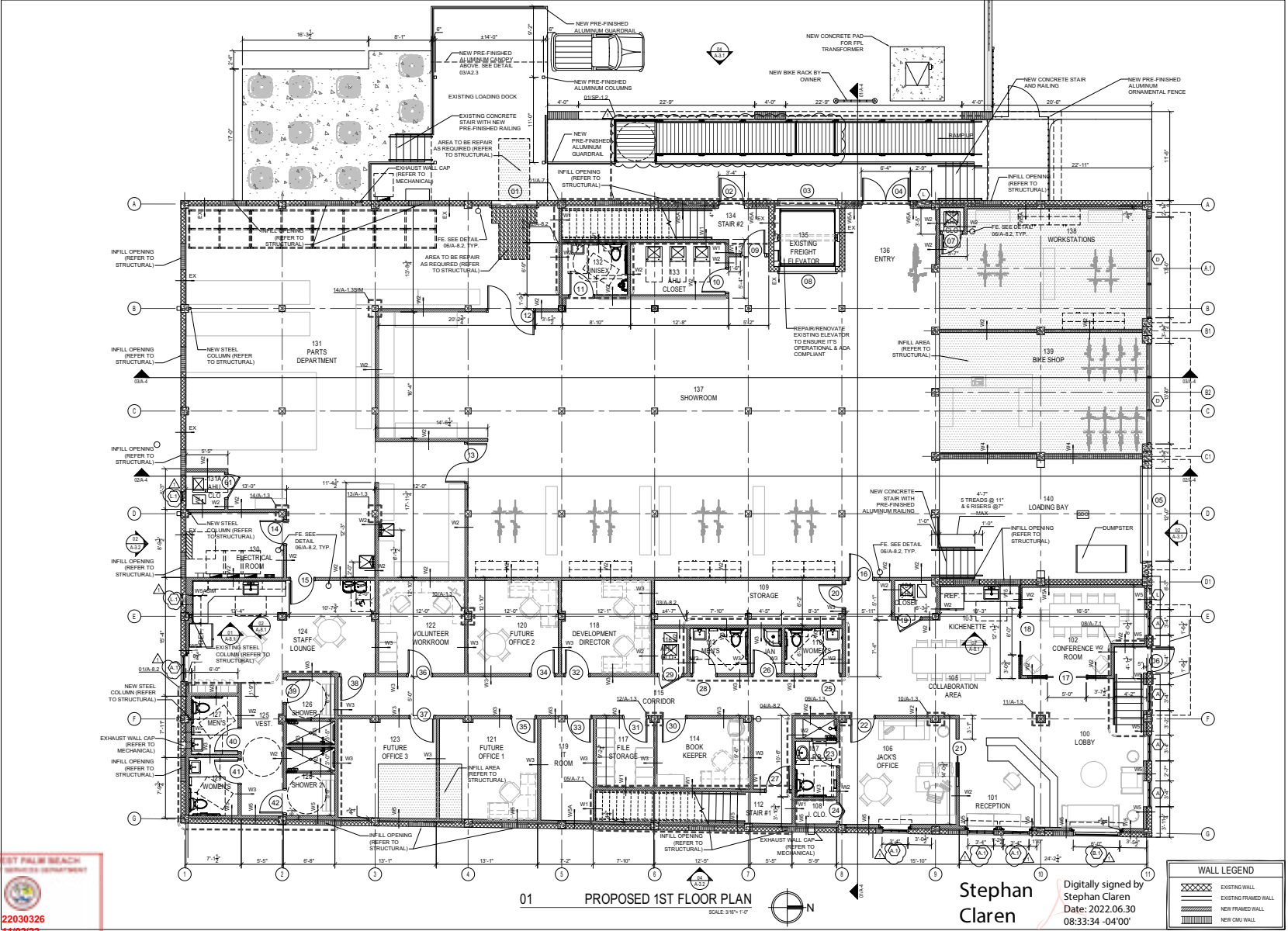
Parking Easement Map



Property Photos



Floor Plan | First Floor (proposed)



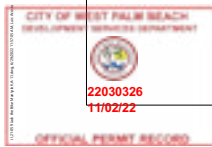
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 www.clar-architect.com

Building Renovation For:
**Jack The Bike Man
 Children's Bicycle Charity**
 426 Claremore Drive
 West Palm Beach, FL 33401

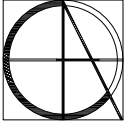
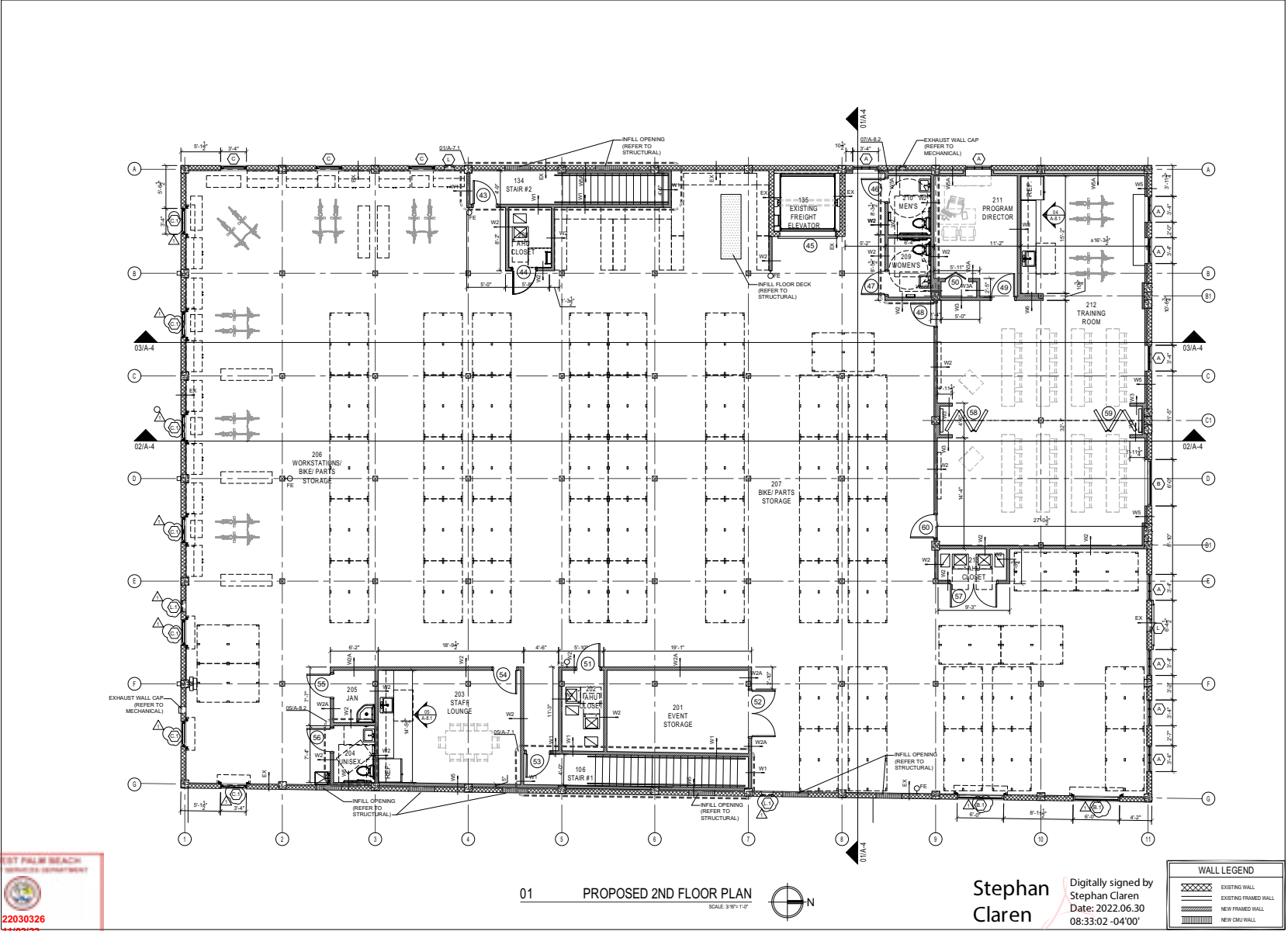


PROJECT #	21-059
DATE	2-28-2022
REV #	DATE
1	BLDG DEPT COMM 6-28-2022
SHEET #	

Stephan Claren
 Digitally signed by Stephan Claren
 Date: 2022.06.30 08:33:34 -04'00'



Floor Plan | Second Floor (proposed)



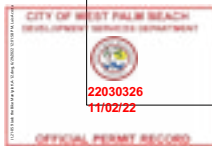
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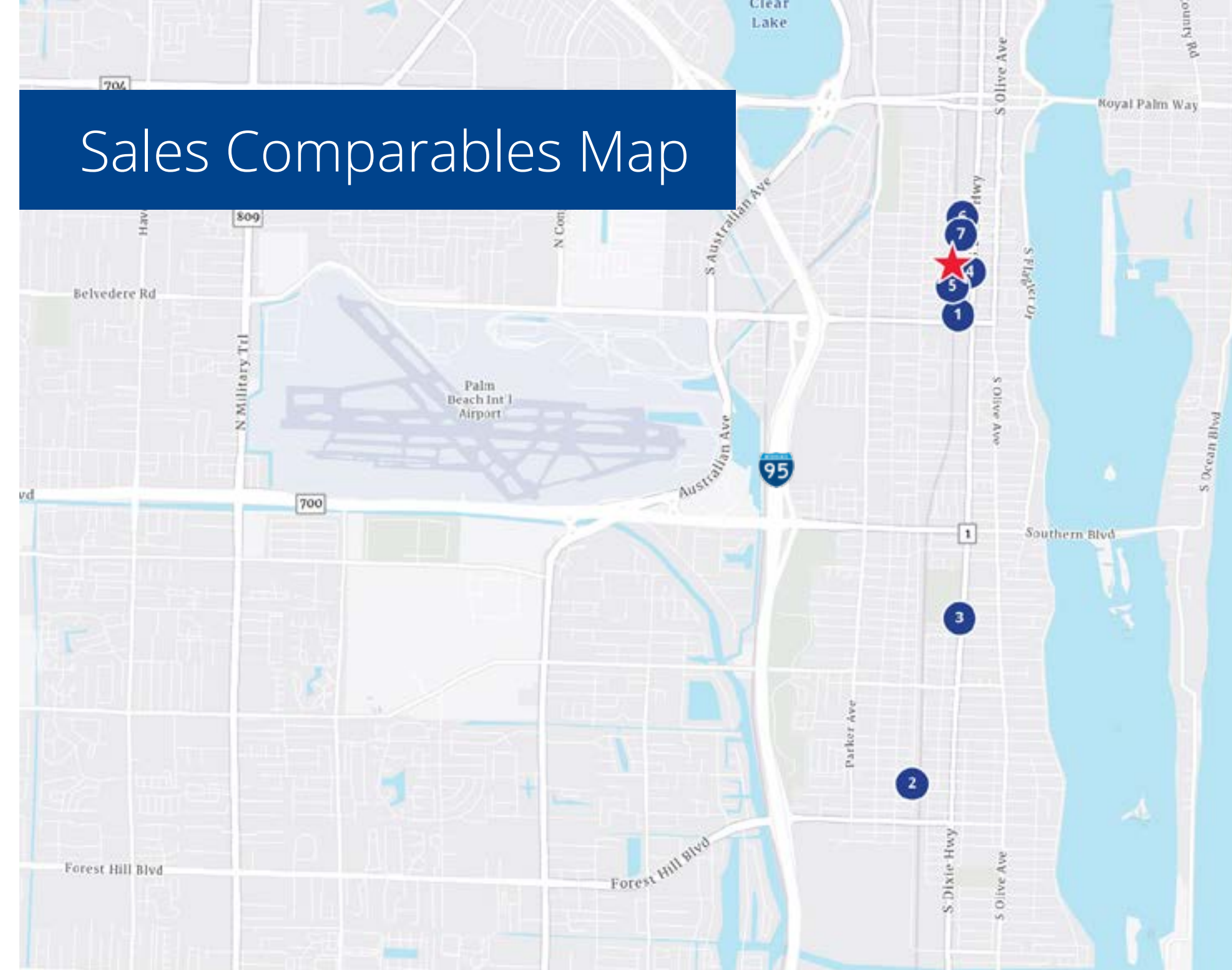
Aerial Photos



Sales Comparables

#	Date of Sale	Property Address	City	Building SF	Year Built	Land AC	Price	Price PSF	Notes
1	Feb-23	428 Avon Road + 429 Belvedere Road	West Palm Beach	6,866	1972	0.65	\$2,450,000	\$357	Industrial properties sold vacant.
2	Aug-22	6405 Georgia Avenue	West Palm Beach	6,134	1955	0.24	\$1,700,000	\$277	Industrial property purchased by tenant.
3	Jun-22	4805 S Dixie Highway	West Palm Beach	22,409	1955	0.85	\$5,750,000	\$257	Vacant warehouse/retail property.
4	Jun-22	420 + 504 Claremore Drive	West Palm Beach	6,675	1969	0.69	\$2,200,000	\$330	Retail building and additional land parcel.
5	Dec-21	2414 Florida Avenue	West Palm Beach	23,400	1956	0.86	\$7,150,000	\$306	Vacant industrial building.
6	Oct-21	425 Kanuga Drive	West Palm Beach	12,600	1956	0.42	\$2,750,000	\$218	Industrial property purchased by Civil Society Brewery.
7	Jun-21	433 Flamingo Drive	West Palm Beach	6,400	1945	0.11	\$2,612,604	\$408	Former gallery purchased vacant with no proposed plans.

Sales Comparables Map





Palm Beach County Overview

Palm Beach County General Overview

Located on the east coast of Florida, Palm Beach County is located within the South Florida metropolis, just north of Miami-Dade and Broward Counties. Together, the tri-county region is the eighth most populous metro area in the nation and the largest in the State of Florida, recording over 6.2 million residents and accounting for over one-third of the state's population. Palm Beach County is the third largest county in the state in terms of land area encompassing more than 2,500 square miles.

Historical economic statistics for the County point to a vibrant and healthy economy that has recovered from the COVID-19 pandemic quicker than most other major markets thanks to the expanding economic sectors including luxury tourism, technology, manufacturing, and agriculture. In fact, for more than a year, there have been more job openings than unemployed people in Palm Beach County. Furthermore, the County's unemployment rate achieved two record lows in 2022, first at 2.3 percent in April and then again in December at 2.2 percent staying below 3.0 percent for 11 consecutive months. The unemployment rate remains below the 3.3 percent national rate, as it has been for more than two years, and on par with Florida's 2.2 percent rate. Strong job growth

is expected to continue through mid-2023 with the most in-demand jobs being in the hospitality/tourism, healthcare, and trades/transportation sectors.

Palm Beach County is recognized as one of the nation's wealthiest counties, with per capita personal income (PCPI) levels more than 80 percent higher than national averages and is Florida's fourth highest PCPI reflective of its diversifying economic base, sound financial position, and moderate debt levels. In addition, Palm Beach County's PCPI has increased 9 percent year-over-year and 40 percent over the last five years as the County benefits from the influx of new, highly skilled and educated residents. Of the three South Florida metros, Palm Beach's population is growing the fastest with a five-year growth rate of 5.2 percent compared to Miami-Dade's and Broward's 2.0 and 3.4 percent, respectively. In addition, over the next five years, Palm Beach's population is expected to grow 7.1 percent while Miami-Dade's and Broward's are expected to grow 3.6 percent and 4.6 percent, respectively.

Palm Beach County is one of the nation's leading tourist destinations offering white sand beaches, clear turquoise waters and internationally acclaimed shopping, dining and golfing venues that appeal to the

masses. The County is served by Palm Beach International Airport, which historically welcomed approximately 6 million passengers annually pre-pandemic and welcomed more than 6.6 million passengers in 2022. In addition, Tri-Rail commuter rail system and the Brightline express rail connects Palm Beach to Fort Lauderdale and Miami with stops in Aventura and Boca Raton and construction connecting to Orlando almost complete. Furthermore, Palm Beach County offers a convenient transportation system, with major highways such as Interstate-95 and Florida's Turnpike, plus signalized roads US-1 and US-441.

The three-major multibillion-dollar industries in Palm Beach County are tourism, healthcare, and agriculture. There are also many high-tech industries such as bioscience that contribute to the growing economy. Major employers in the county include Tenet Healthcare, NextEra Energy (the parent company of Florida Power & Light), Hospital Corporation of America (HCA), Florida Atlantic University (FAU), Florida Crystals Corporation, Office Depot, Bank of America, Wells Fargo & Company, Pratt & Whitney, and Zimmer Biomet.

West Palm Beach Submarket General Overview

West Palm Beach is located in the northeastern end of the third most populous county in the state of Florida, Palm Beach County. Located 60 miles north of Miami and approximately 150 miles southeast of Orlando, West Palm Beach has many amenities to offer residents and visitors alike. The City is home to sunny palm-lined streets, breathtaking waterfront views, quaint shopping districts, historic and scenic neighborhoods, and exciting year-round outdoor activities. Downtown West Palm Beach is home to two retail and entertainment districts – CityPlace and the Clematis Street District. These vibrant pieces of the city are lined with fashionable martini bars, trendy nightclubs, elite boutiques, and fine dining establishments. Aside from a high quality of life for residents, West Palm Beach offers businesses an efficient, integrated transportation system with proximity major thoroughfares - Florida's Turnpike and Interstate-95 - providing accessibility to the County's, and greater metropolitan areas, major international airports and seaports.

New Development Overview

West Palm Beach Submarket New Development Overview

In similar fashion to the redeveloped warehouse district in Miami that is now referred to as Wynwood, West Palm Beach and the surrounding area is experiencing a similar revitalization. Developers have homed in on the area, realizing the huge gap between supply and demand for housing and condos in the area, considering the growing population of people and businesses who now call the area home. New establishments are springing up along Dixie Highway in West Palm Beach, including the Greene School, EmKo Gallery, Norton Museum of Art, the Hive collective (a home store, three clothing boutiques, an interior design firm, a cafe and a trade showroom), Bedner's Farm Fresh Market, The Press, Table 26, Reward Lighting and Prospect Place. Additionally, future plans in the area include the Miami-based Place Projects and West Palm Beach-based NDT Development's Nora Project (120,000 square foot assemblage of industrial buildings redeveloped into a mixed-use retail and industrial project resembling Miami's artsy mural-filled Wynwood), Linéaire Group's 20-story mixed-use development near the West Palm Beach Brightline Station (includes hotel, residential units and rooftop bar), and the University of Florida's satellite campus that is expected to take shape over a two-block section of downtown West Palm Beach.



The Press



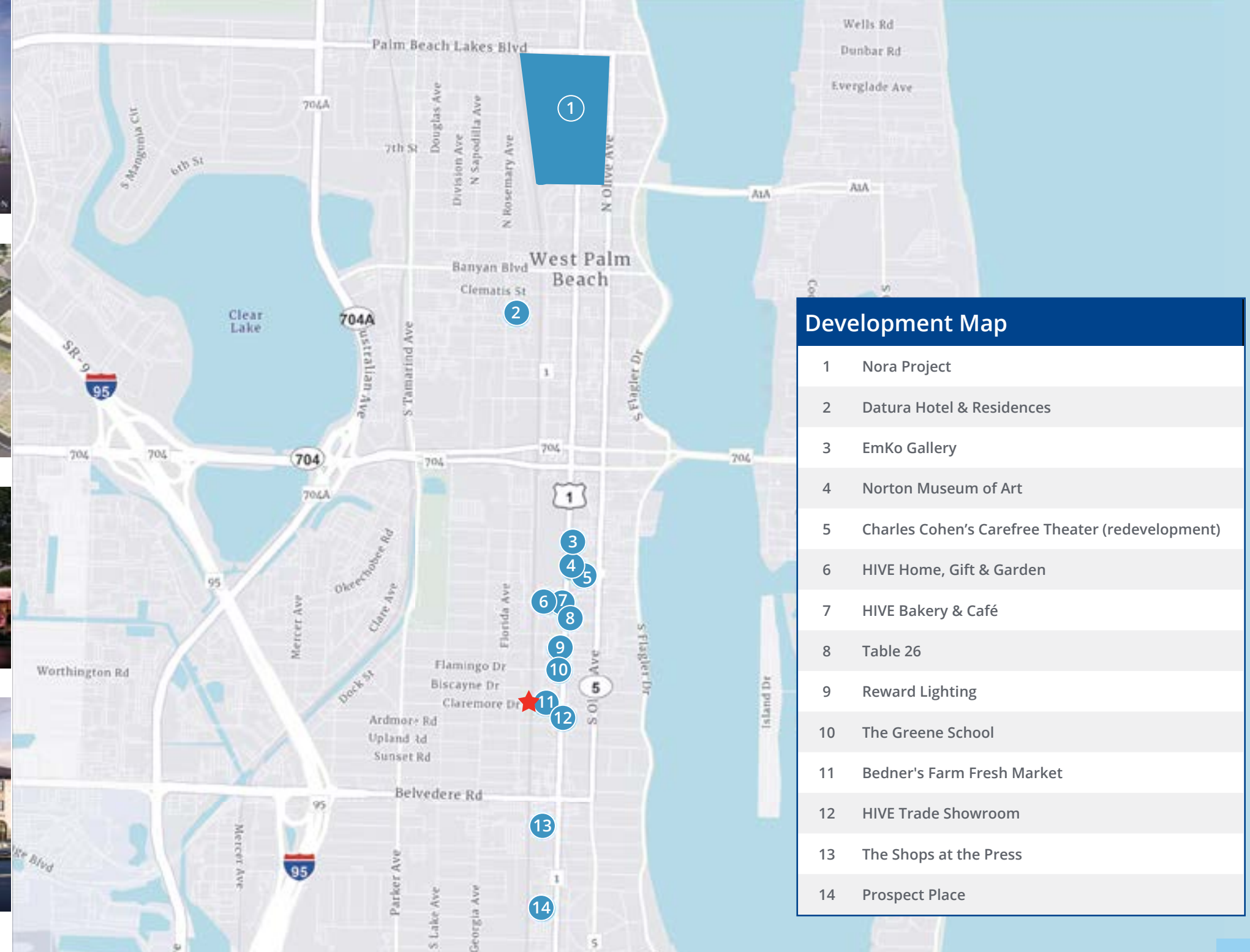
The Greene School



Nora Project



Prospect Place



Transportation and Access

West Palm Beach has substantial access to interstate, seaport, rail and air infrastructure. Florida's Turnpike and I-95 bisects Palm Beach County offering multiple exits with major east-west thoroughfares for ease of access. The Tri-Rail Train system and the Brightline express train connect Palm Beach County with Fort Lauderdale and Miami offering passengers public transportation access to all submarkets in South Florida. The area is also served by Palm Beach International Airport with connections to Amtrak and Palm Tran Bus system.



Tri-Rail Transit System

The Tri-Rail commuter line which links multiple markets throughout South Florida is managed by the South Florida Regional Transportation Authority and wholly owned by the Florida Department of Transportation. The rail travels as far north as Mangonia Park in Palm Beach County and as far south as the Government Center in Miami-Dade County with approximately seven stops in each County. As of January 2023, the system has an average weekday ridership of 12,000, an increase of 30.0 percent or 3,000 more daily passengers a year. The total route is 73.4 miles long with 18 stations along Florida's southeast coast. The Tri-Rail connects directly to Amtrak at numerous stations and furthering regional accessibility are connections to the Metrorail.

Palm Tran Bus Service

The Palm Tran bus system serves residents and visitors of Palm Beach County and is operated by the County government. Standard adult fare is \$2.00 with reduced fares available for seniors and students. The bus system connects with major hubs that include Palm Beach International Airport, Tri-Rail System stops, major shopping mall and service to all colleges and universities in the area. With a daily ridership of approximately 35,000, the bus system operates 32 routes in conjunction with Tri-Rail to ensure sufficient coverage and public transportation is available to county residents.



Brightline Express

Brightline is a Miami-based company that operates express intercity passenger rail service with stops in the downtowns of Miami, Fort Lauderdale, West Palm Beach and most recently Aventura and Boca Raton. Construction of the Aventura and the Boca Raton stations is complete, and both began operating officially at the end of 2022. Additionally, construction to link Orlando to the line began in 2019 and is now complete with service commencing in Summer 2023. Brightline also has plans for a station at PortMiami, and eventually an extension to Tampa from the Orlando Station. With visitors to Florida exceeding 100 million, Brightline will connect five large tourist destinations, offering convenient transportation and encouraging extended visits in Florida. Recently, Brightline became the first train company in the world to receive the WELL Health Safety Rating for Facility Operations and Management as awarded by the International WELL Building Institute bolstering Brightline's accomplishments in providing a clean and healthy environment for travelers and staff.



Palm Beach International Airport

Palm Beach International Airport (PBI) is a public airport with approximately 150 daily flights on 13 airlines offering non-stop service to over 30 destinations, with connecting service to destinations throughout the world. The airport served roughly 6 million passengers annually before the coronavirus years. PBI welcomed 6.9 million passengers in 2019, 3.1 million passengers in 2020, and more than 5.2 million passengers in 2021 as the tourism industry recovers. In 2022, PBI welcomed 6.6 million passengers, just below pre-pandemic levels; as international travel resumes and returns to normal levels, PBI is expected to surpass 2019 visitor counts. The airport is linked to the Palm Tran Bus line with free shuttle service to the Tri-Rail system and ranked high in many 2022 awards, listed below.

- 'Best in the U.S.' for Shortest Overall TSA Wait Time, U.S. Customs and Border Protection
- 5th Best Domestic Airport, Travel + Leisure Magazine's 2022 World's Best Awards
- 5th Best Airport in the U.S., Conde Nast Traveler's 2022 Readers' Choice Awards
- 7th Best Medium Airport, 2022 J.D. Power North American Airport Satisfaction Survey
- 7th Best Airport in the World, Conde Nast Traveler's 2020 Readers' Choice Awards

Port of Palm Beach

The Port of Palm Beach is one of 15 ports in the state of Florida and is located 80 miles north of Miami in Riviera Beach. The Port of Palm Beach has the highest container volume per acre in the United States. Additionally, the Port of Palm Beach is the fourth busiest container port of Florida's 14 deep-water ports and is the 18th busiest container port in the United States. The cruise industry at the Port of Palm Beach provided 1,350 direct jobs and over \$100 million in revenue in 2020 and welcomes nearly 450,000 cruise ship passengers annually. In addition, the cargo industry at the Port of Palm Beach provides over 2,700 direct jobs and \$154 million in revenue with more than \$6 billion worth of commodities moving through the port each year.

Market Overview

Palm Beach County Industrial Market Q3 2023

The Palm Beach County industrial market held steady in the third quarter of 2023. Even with new construction that delivered over the quarter, net absorption remained positive at 39,000 square feet. Similarly, the vacancy rate decreased by only 20-basis points down to 4.7 percent, indicative of a healthy market. At the same time, rental rates were stabilized and decreased slightly, by 0.5 percent quarter-over-quarter down to \$14.63 per square foot triple net. Going into the last quarter of 2023, it's expected that the industrial market in Palm Beach County will remain in good condition, with ongoing tenant demand from new and existing tenants and a solid pipeline of 2.2 million square feet of new product under construction.

In the third quarter of 2023, leasing activity was strong with a mixture of new leases and renewals. The largest lease of the quarter was Reliable Healthcare Logistics renewing its 70,744 square foot lease at Palm Beach Commerce Center, followed by Foundation Building Materials LLC signing a new lease for 50,283 square foot lease at 7th Avenue Logistics in the Central Palm Beach submarket. Lastly, Laticrete International, Inc. signed a new 47,673 square foot lease at Building III of Silver Beach Industrial Park, also in the Central Palm Beach submarket.

Sales activity improved in the third quarter in Palm Beach County. The largest sale transaction was the Alterra Property Group purchase of 101 Benoist Farms Road in the Central Palm Beach submarket for \$15.8 million, or \$687 per square foot. The second largest sale was Trammell Crow Residential purchasing the Patio Pipes Building located at 1155 South Congress Avenue in the South Palm Beach submarket for \$12.7 million, or \$433 per square foot.

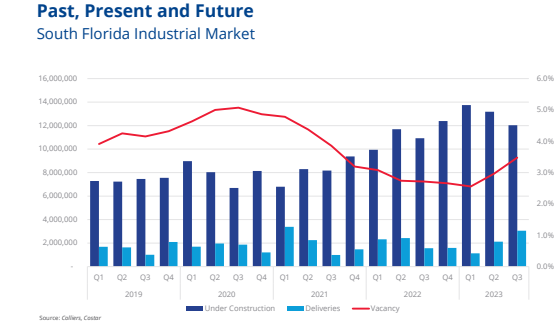


Key Takeaways:

- Rental rates decreased marginally, by 0.5% QOQ to **\$14.63 PSF triple net.**
- With **216K SF in new deliveries in Q3 2023, the vacancy rate increased by 20-basis points QOQ, reaching 4.7% by quarter-end.**
- Leasing activity was healthy with **441K SF leased by the end of the third quarter.**

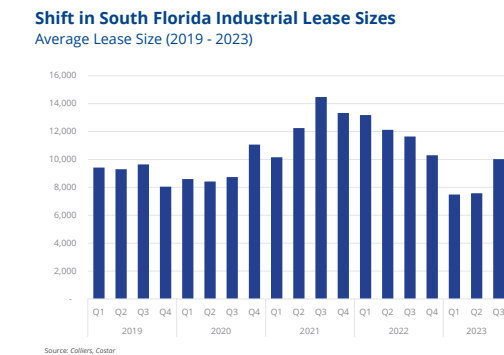
South Florida's Past, Present and Future Industrial Market

Over the past four years, South Florida's industrial market has undergone significant transformation and is now in a phase of stabilization. The COVID-19 pandemic brought about substantial changes, initially driving a surge in demand for industrial properties as businesses sought extra space to meet increased population growth resulting in higher demand for most products. This was further exacerbated by international supply chain disruptions. Currently, the market features low vacancy rates and rising rents, though the era of annual double-digit rent hikes is fading as supply and demand recalibrate. Looking ahead, South Florida's industrial sector remains robust, characterized by tight market conditions and strong demand, driven by continued business migration, thriving tourism, and sustained consumer needs. There are currently more than 12 million square feet under construction in South Florida, however, land available for continued new construction is limited. As such, industrial properties are poised to remain valuable, and businesses are responding to higher rents by automating warehouses and leasing more optimized spaces.









Shift Toward Smaller Industrial Deals

The current industrial market in South Florida is experiencing a shift in deal sizes. Significant new development in recent years, has expanded the industrial options available. This expansion has been fueled by both population growth and the steady influx of new tenants into the region, ensuring a sustained level of industrial demand. However, a notable trend in the market is the decrease in the number of deals exceeding 100,000 square feet. While demand remains high, businesses are increasingly seeking smaller industrial spaces. For context, in the third quarter of 2023, the average industrial deal size for South Florida was 10,017 square feet, compared to 14,472 in the third quarter of 2021. This average can be further broken down by 12,323 square feet in Miami-Dade County, 9,994 square feet in Broward County, and 5,455 square feet in Palm Beach County. This shift towards smaller deal sizes reflects a growing preference among businesses for more efficient and customized industrial spaces that can accommodate their specific operational requirements while optimizing costs.



Recent Transactions

 Lease Palm Beach Comm. Cntr. South PB 71k SF	 Lease 7th Ave Logistics Central PB 50k SF	 Lease Silver Beach Ind. Park Central PB 48k SF	 Sale 101 Benoist Farms Rd Central PB \$687/SF	 Sale Patio Pipes Bldg. South PB \$433/SF	 Sale Lantana Ind. Park South PB \$188/SF
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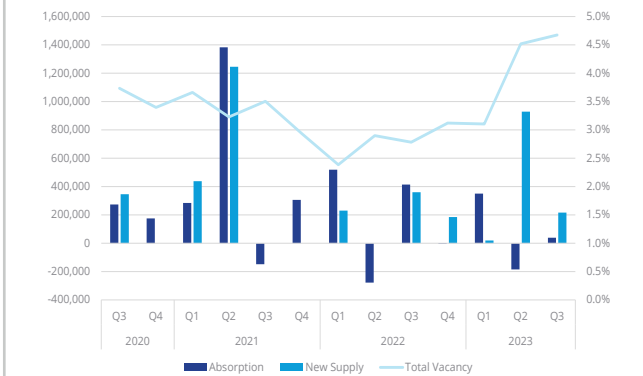
Market Indicators

 3.0% Unemployment Rate	 2.1% GDP - Quarterly % change yr/yr	 4.579% U.S. 10 Year Treasury Note
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Historic Comparison

	22Q3	23Q2	23Q3
Total Inventory (in Thousands of SF)	54,113.4	55,245.6	55,471.1
New Supply (in Thousands of SF)	360.3	928.8	215.8
Net Absorption (in Thousands of SF)	413.6	(184.5)	39.1
Overall Vacancy	2.8%	4.5%	4.7%
Under Construction (in Thousands of SF)	1,399.0	2,157.1	2,244.6
Overall Direct Asking Lease Rates (NNN)	\$13.42	\$14.71	\$14.63

Market Graph



In Palm Beach County's industrial market, market fundamentals continued the patterns from previous quarters. The vacancy rate increased by 20-basis points in the third quarter due to the addition of 216,000 square feet of new space. Going into the last quarter of the year, the Palm Beach County industrial market is expected to remain stable, with net absorption growing as ongoing tenant interest leads to the lease-up of new supply.

Market Overview

Palm Beach County Office Market Q3 2023

The Palm Beach office market showed some improvement in the third quarter of 2023, with key indicators ending the quarter trending upwards. Consistent tenant demand led to positive net absorption totaling over 43,000 square feet. At the same time, the vacancy rate decreased by 10-basis points quarter-over-quarter, dropping down to 8.8 percent by third quarter-end. Similarly, rental rates climbed up by 2.0 percent quarter-over-quarter, increasing to \$40.26 per square foot full service. Despite low unemployment rates, healthy labor market conditions and consistent tenant demand, continued uncertainty lingers.

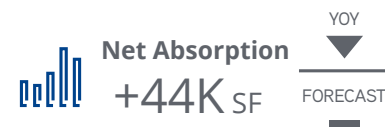
The five largest leases of the third quarter were renewals with the largest lease being a renewal and expansion of Cole, Scott & Kissane, totaling 63,570 square feet at Esperanté Corporate Center in the West Palm Beach CBD submarket. This was followed by the Office of Attorney General Ashley Moody renewing 32,601 square feet at Flagler Waterview also in the West Palm Beach CBD submarket. The third largest lease was SGC signing a renewal for 27,321 square feet at 951 Yamato in the Boca Raton North submarket.

Sales activity remained relatively light in the third quarter of 2023, with the two largest trades being located in the Palm Beach submarket with sales price per square foot above \$1,000 demonstrating the high demand to own property in that submarket. The largest transaction was 125 Worth selling for \$83 million, or \$1,660 per square foot, in a personal investment purchase made by Citadel. The second largest sale of the quarter was for the Three Seventy Five building, located at 375 South County Road which was purchased by CS Ventures for \$18 million, or \$1,095 per square foot.



Key Takeaways:

- **The vacancy rate decreased slightly by 10-basis points QOQ, down to 8.8% by quarter-end.**
- **Rental rates increased QOQ to \$40.26 PSF full service, a healthy bump of 2.0%.**
- **Despite an uncertain economic outlook, the market responded with limited changes across key indicators.**



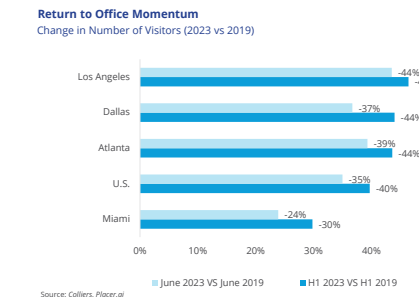
Promising Signs for Investment Sales

Office investment sales activity showed promising signs of picking back up in the third quarter of 2023, despite challenges posed by high interest rates and the cost of capital for investors. In a notable shift, the South Florida office market witnessed three office transactions exceeding the \$50 million mark in the third quarter. This is the only quarter in 2023 that there have been three transactions of this size in a single quarter. These transactions were distributed across two properties in the Coral Gables submarket (355 Alhambra and 255 Alhambra) and one in the Palm Beach submarket (125 Worth), marking a significant upturn in high-value deals. Interestingly, the buyers in these transactions are predominantly non-traditional and non-institutional players, indicating a shift in the market dynamics. On the other hand, sellers have largely remained institutional. While the volume of sales is still slow, the average sales price per transaction increased to \$16 million in the third quarter, up from \$11 million in the first quarter and \$8 million in the second quarter. Amidst these changes, the most sought-after office assets continue to be stable, institutional, and well-leased office buildings, underscoring the resilience of this particular segment in the evolving investment landscape.



Return to Office Gains Momentum

The reintegration back into the office continues at a measured pace. Most companies are adopting hybrid work models, usually at least three days of in-office work per week. However, certain employers are enforcing a complete return to the office. A recent Gallup survey illustrates the engagement levels for over 10,000 companies based on the number of days of the week. There is a notable drop when the three-day mark is exceeded. Work environment flexibility continues to be important in driving employee engagement. Placer.ai's office visitation data shows a recent positive shift in visits to the office. In the first half of 2023, office foot traffic nationwide was still down by 39.7 percent compared to the first half of 2019. However, in June, the year-over-four-year (Yo4Y) monthly visits were only down by 35 percent, representing the strongest month since before the pandemic. Miami is one of the leading markets with office visits down by 29.8 percent in the first half of 2023 compared to four years ago which contracted to 23.9 percent in June 2023.



Recent Transactions

Lease Esperante Corp. Cntr. WPB CBD 64k SF	Lease Flagler Waterview WPB CBD 33k SF	Lease 951 Yamato Boca North 27k SF	Sale 125 Worth Palm Beach \$1.6K/SF	Sale Three Seventy Five Bldg Palm Beach \$1.1K/SF	Sale 630 US Hwy 1 North PB \$300/SF

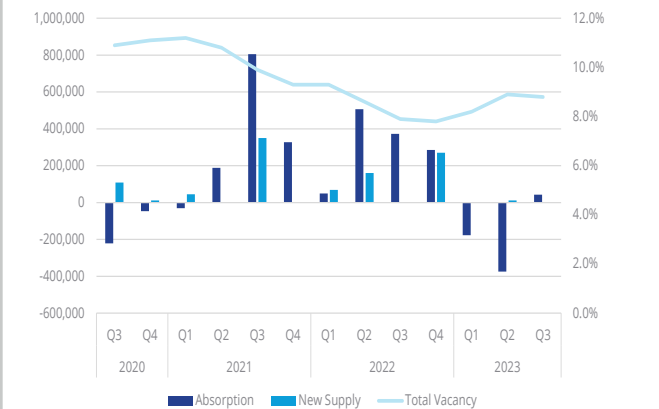
Market Indicators



Historic Comparison

	22Q3	23Q2	23Q3
Total Inventory (in Thousands of SF)	52,770.7	53,052.8	53,062.8
New Supply (in Thousands of SF)	0.0	12.1	0.0
Net Absorption (in Thousands of SF)	372.5	(374.8)	43.5
Overall Vacancy	7.9%	8.9%	8.8%
Under Construction (in Thousands of SF)	1,134.3	1,069.0	1,069.0
Overall Direct Asking Lease Rates (FS)	\$40.13	\$39.47	\$40.26

Market Graph



Palm Beach County's office market remained stable in the third quarter of 2023, with a marginal 10-basis point decrease in the vacancy rate and positive net absorption of 43,500 square feet, an improvement from the previous quarter. The market is expected to continue its stability for the remainder of the year, driven by new-to-market market activity.

Palm Beach County Market Drivers



Growing Population

Population growth across South Florida has exceeded the national average for years, but of the three major metros, Palm Beach's population is growing the fastest. Over the last five years, Palm Beach County's population grew 5.2% while Miami-Dade and Broward grew 2.0% and 3.4%, respectively. Additionally, in the next five years, Palm Beach's population is expected to grow 7.1% while Miami-Dade's and Broward's are expected to grow 3.6% and 4.6%, respectively. The migration of companies, specifically new finance and investment firms, from Northeastern tax-burden states to South Florida was accelerated by the pandemic as seen in recent announcements by Goldman, Elliott Management, and Citadel; this influx has led to South Florida being dubbed the "Wall Street of the South". Palm Beach County is welcoming new companies by offering excellent incentive programs and a flexible Business Development Board. For a long time, Palm Beach has been a second home for many executives and now these same people are relocating their businesses here. These moves are driven by a number of push and pull factors, but the most prominent are the tax incentives, cost of living, and quality of life that Palm Beach offers, with COVID-19 being the final push for many.



A Thriving Business Center

Palm Beach County is among the nation's leading centers for the financial services industry with many top companies having a significant presence in the area such as UBS, JP Morgan Stanley, Merrill Lynch, and Charles Schwab. Furthermore, West Palm Beach was ranked by Forbes Magazine as the #1 city in Florida for business and careers. Its ease of access, excellent public transportation infrastructure, and abundance of nearby amenities are attracting investors and executives alike to this surging market. The West Palm Beach central business district provides corporate headquarters to some well-known companies, including Amazon Investment Group, CRL Media LLC, Branding Arc Inc, and Melchior Investments LLC. Other businesses including law firms, financial institutions and investment firms drawn to the CBD include Greenspoon Marder PA, RBC Wealth Management, Holland & Knight LLP, and Greenberg Traurig, LLP.



Education

Palm Beach County is home to the 10th largest school district in the nation, with approximately one-third of the population working towards graduating high school (10 percent) or already a high school graduate (20 percent). The County has 15 higher education institutions for the school district to feed into upon graduating offering everything from technical certifications to doctorate degrees as well as dozens of vocational and technical institutions. Excellent quality of training and education at the colleges and universities in Palm Beach County result in high-quality, employment focused workforce training, progressive professional education, and enrichment opportunities to meet the changing needs of a diverse community.



Pristine Beaches

Palm Beach is home to nearly 30 tropical beach parks spanning 47 miles along the Atlantic Ocean from Jupiter to the north and Boca Raton to the south. The beaches cater to everyone's preferences, from the dog-friendly beaches of Ocean Cay Park in Jupiter and Atlantic Dunes Park in Delray Beach to the entertainment-oriented beaches found at the promenade at Singer Island Municipal Beach or the famous pier at Lake Worth Municipal Beach. Peanut Island offers a peak at history where a former Cold War bunker for John F. Kennedy can be found. More pristine beaches are located at John D. MacArthur Beach State Park in North Palm Beach and the family-friendly waters at Carlin Park in Jupiter and Red Reef Park in Boca Raton. For the more adventurous



Tourism

Tourism is one of the largest industries in Palm Beach and took a hit in 2020 as the coronavirus pandemic caused economies to shut down and borders to close. However, tourism is expected to return stronger than before, reaching pre-pandemic levels in 2023, largely due to pent-up demand of quarantine years. In fact, domestic travel has started the recovery and Palm Beach has benefitted greatly thanks to its tropical climate, white sand beaches, and clear blue waters with Palm beach International Airport welcoming 6.6 million passengers in 2022, climbing closer to the 6.9 million passengers in pre-pandemic 2019.



Arts and Culture

Beyond the scenic beauty of Palm Beach, the County is dotted with world-class museums and galleries, award-winning theaters and Broadway performances from Jupiter down to Boca Raton. Creative attractions abound in Palm Beach with year-round events held at the West Palm Beach Arts and Entertainment District and Harbourside Place in Jupiter, concerts at the Kravis Center for the Performing Arts in West Palm Beach, Tony Award winning musical performances at the Maltz Jupiter Theatre, and cabaret at the Crest Theatre in Delray Beach.



Florida's Golfing Capital

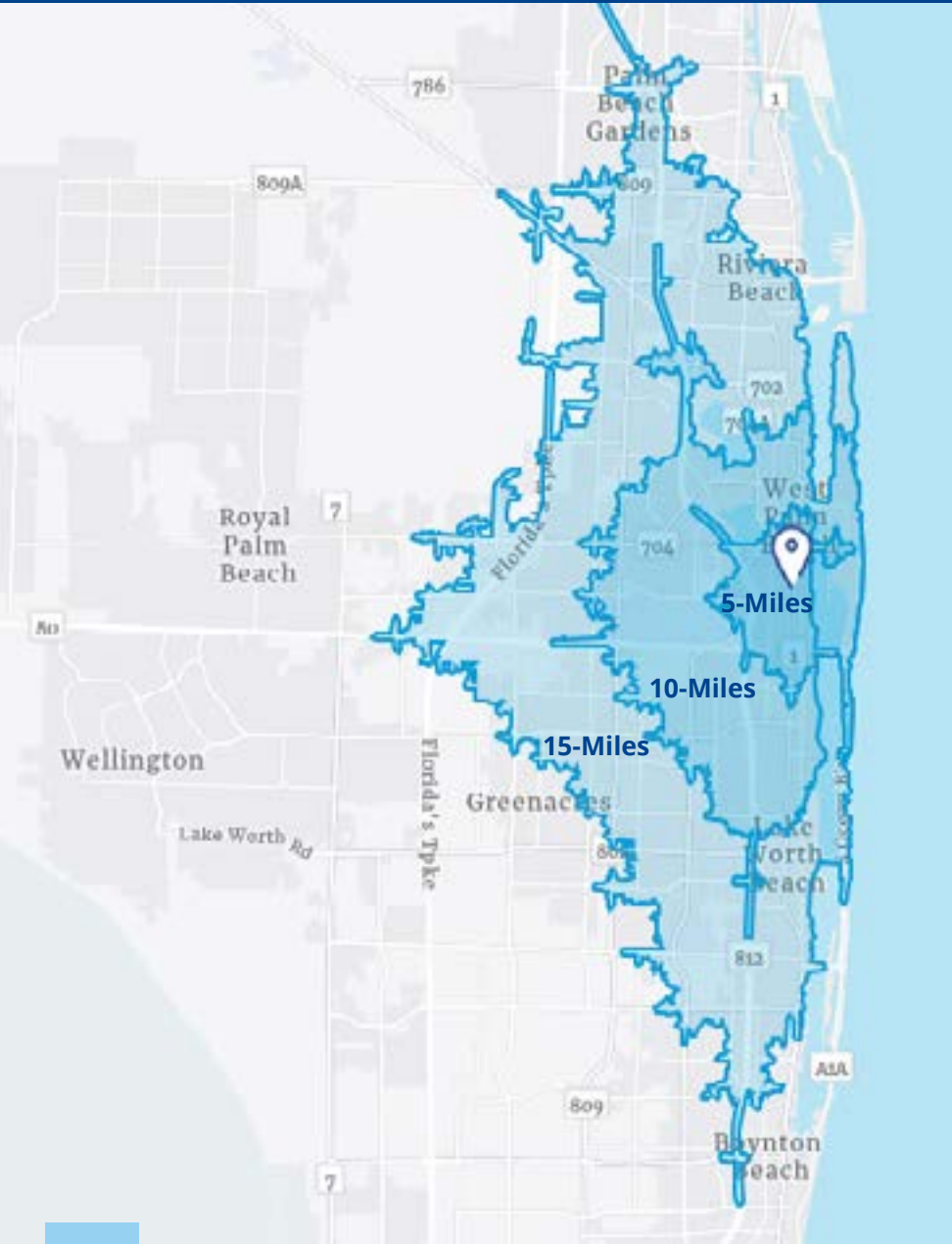
There's an endless supply of public and private golf courses in Palm Beach leading many to call the County the world's golfing capital. With many of the world's greatest golfers living in the County, Palm Beach boasts more than 160 courses with year-round tee times, breathtaking views and courses designed by some of the best architects in the game. Located in Palm Beach Gardens is the PGA National Resort and Spa featuring 90 holes across five championship courses, including the famed Champion course designed by Jack Nicklaus and its "Bear Trap" that hosts the PGA Tour's annual Honda Classic. Other famous courses throughout the County include The Bear's Club, The Fountains Country Club, the Breakers Ocean Course, and North Palm Beach Country Club.



Shopping and Dining

Palm Beach is renowned for its world-class shopping malls and restaurants from countless chain stores to boutiques and luxury brands. In Palm Beach Gardens alone, shoppers can choose between multiple upscale shopping center offerings including The Gardens Mall, anchored by high end stores like Nordstrom Rack and Saks Fifth Avenue as well as 160 other stores; District at the Gardens, an outdoor lifestyle center offering enticing retail, restaurants, a movie theatre and outdoor entertainment; as well as PGA Commons offering a mix of award-winning restaurants, upscale boutiques, galleries, offices, and apartments. District at the Gardens is currently undergoing a major transformation adding hotel, office and residential offerings for round the clock patrons. Other popular shopping destinations throughout the County include Worth Avenue featuring designer stores, high-end shops and some of the finest gourmet restaurants in South Florida. Mizner Park in Boca Raton is another upscale shopping district, as well as Atlantic Avenue and Pineapple Grove in Delray Beach.

Market Demographics



Population	5 Mile Drive	10 Mile Drive	15 Mile Drive
2023 Total Population	24,735	119,443	408,220
2028 Total Population	25,929	125,278	417,798
2023 to 2028 Population Change	4.8%	4.9%	2.3%
Households			
2023 Households	12,224	48,559	156,349
2028 Households	13,126	51,634	161,310
2023 to 2028 Household Change	7.4%	6.3%	3.2%
Income			
Average Household Income	\$116,709	\$96,587	\$84,535
Median Household Income	\$79,904	\$61,123	\$56,470
Housing			
Median Home Value	\$564,899	\$410,503	\$290,849

Market Overview

426 Claremore Dr, West Palm Beach, Florida, 33401
15 minute radius

Household & population characteristics

\$56,470 Median household income	\$290,849 Median home value	50.8% Owner occupied housing units
38.7 Median age	50.5% Female population	41.0% % Married (age 15 or older)

Annual lifestyle spending

\$1,740	\$24	\$42
\$41 Admission to Sports Events	\$9 Online Gaming Services	

Households & population

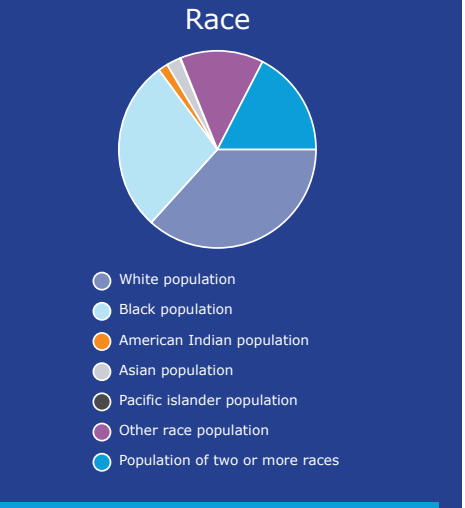
408,220 Current total population	417,798 5 Year total population
156,349 Current total households	161,310 5 year total households

Education

16% No high school diploma	30% High school graduate	26% Some college	29% Bachelor's/graduate/prof degree
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Annual household spending

\$1,820 Apparel & Services	\$217 Computers & Hardware	\$3,093 Eating Out
\$5,584 Groceries	\$5,798 Health Care	



Business

26,282 Total businesses	234,222 Total employees
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Employment

53% White collar	25% Blue collar
22% Services	5.5% Unemployment rate



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