

# Woolbright Development Research

Retail Market Overview: Palm Beach

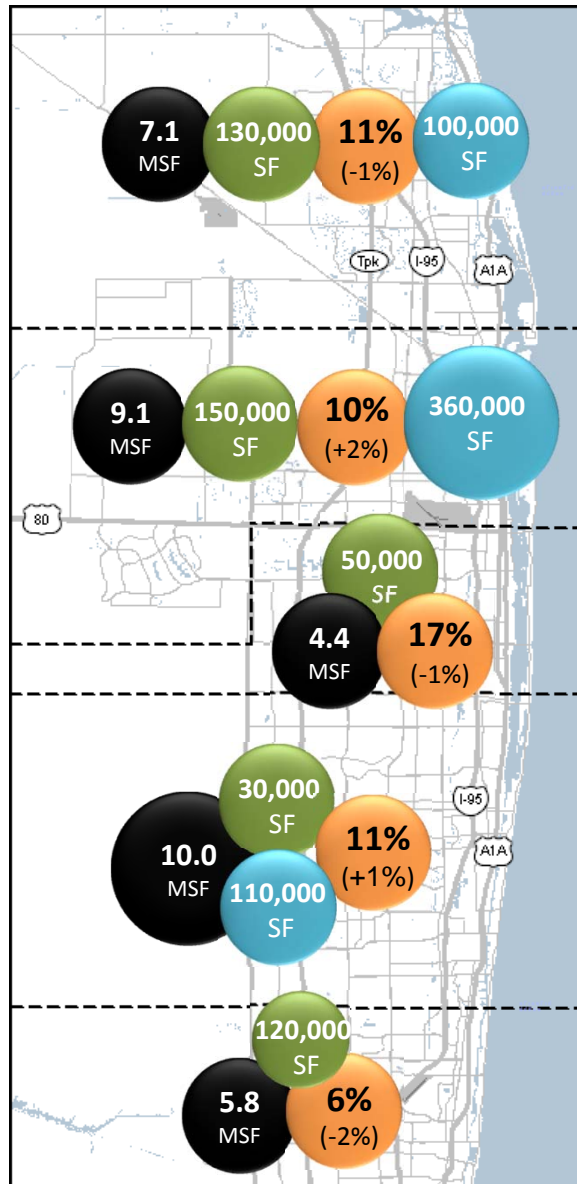
2015

FIRST QUARTER



*“The Palm Beach Retail Market Continues a Moderate Recovery; Average Occupancy Levels Stand Flat at 90%, and Average Base Rental Rates At Publix-Anchored Centers Stand At \$25.80 NNN per Square Foot, Growing 6%.”*

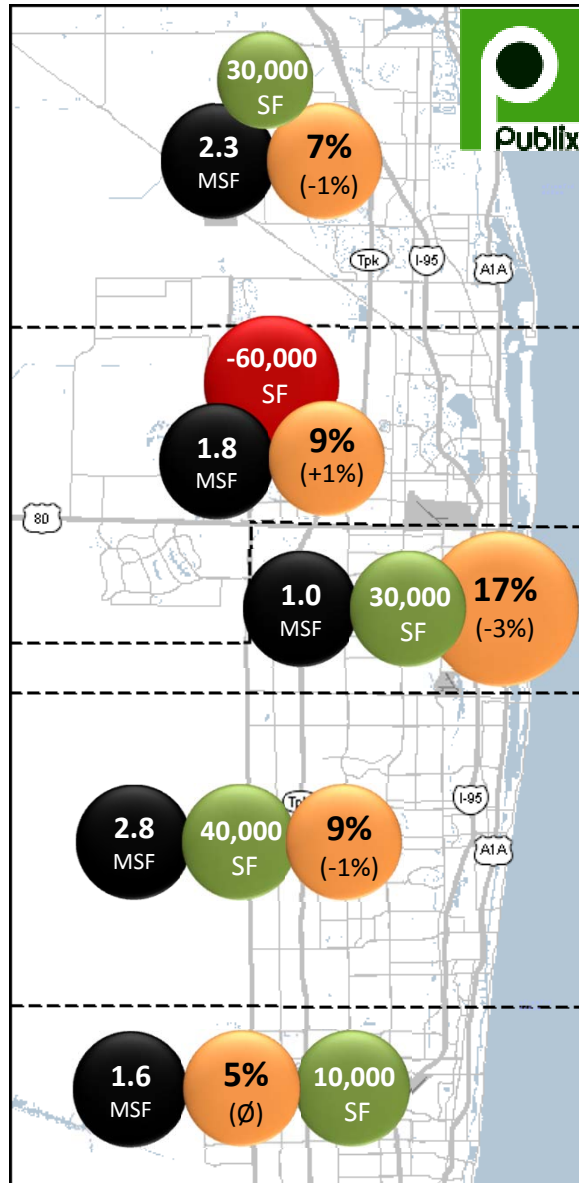




## Occupancy levels continue to hold steady at 90% in Palm Beach Market.

1. Vacancy rate remains flat at about 10.5% for three consecutive years.
2. From January 2014 to January 2015, the Palm Beach market absorbed almost 0.5 MSF. It is the highest absorption in 8 years.
3. New developments increased by 170% in the last 12 months (580,000 SF completed, a construction rate of 1.6%).

**Palm Beach Market:**  
 Inventory: 36.5 MSF (275 centers)  
 Vacancy : 10.5% (no change)  
 Absorption: 0.5 MSF  
 New GLA: 0.6 MSF



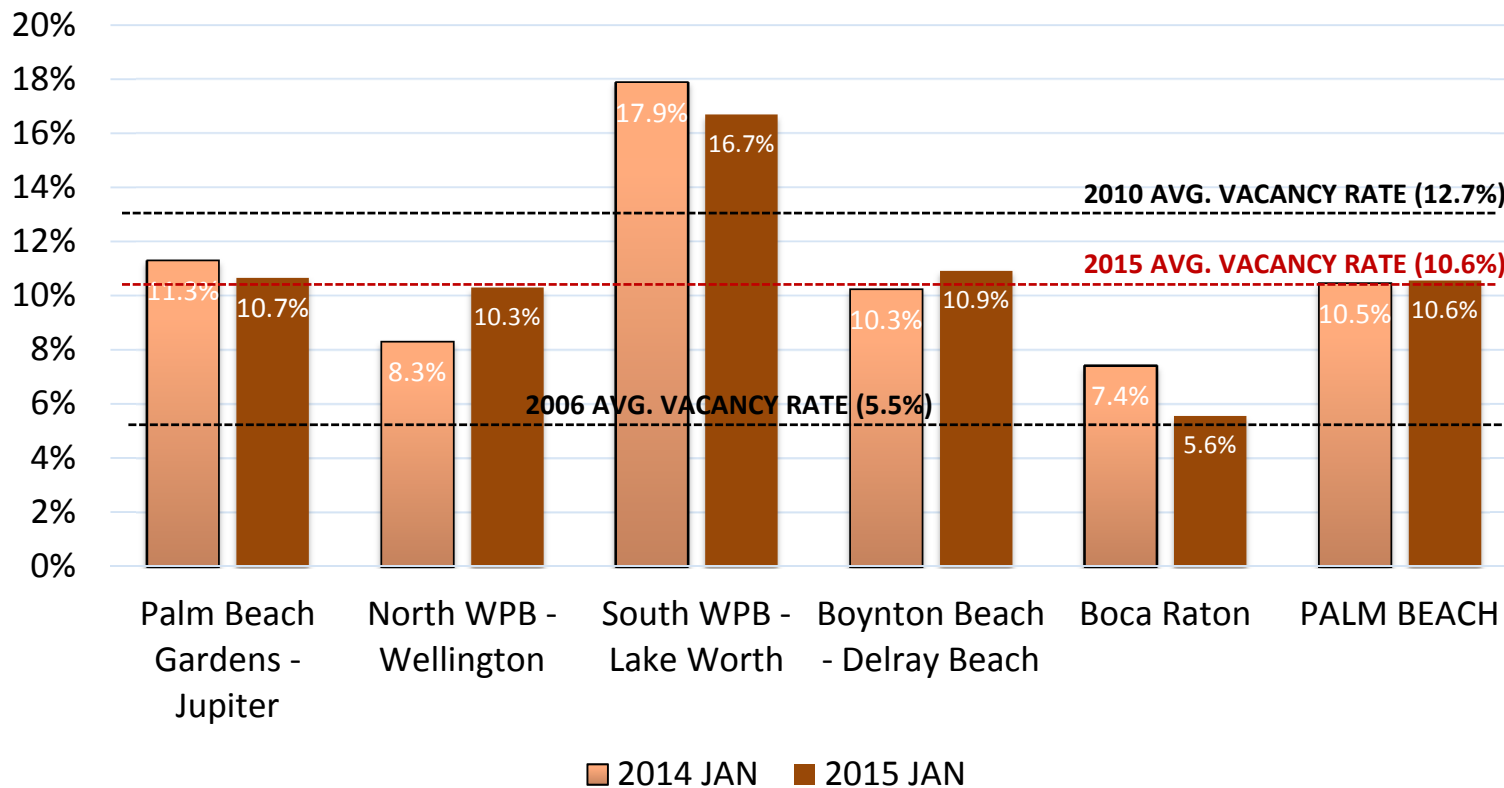
*Vacancy rate improved by 800 basis points to 9.0% for Publix-anchored centers.*

1. Vacancy rate decreased 80 bps to 9.0% in January 2015, from 9.8% in January 2014.
2. Publix-anchored centers absorbed net 50,000 sf in 12 months.
3. No new Publix-anchored shopping centers were built in the last 12 months.
4. Rental Rates are growing. Base rents at Publix-anchored centers increased by \$1.40 or 6% to \$25.77 NNN per SF.

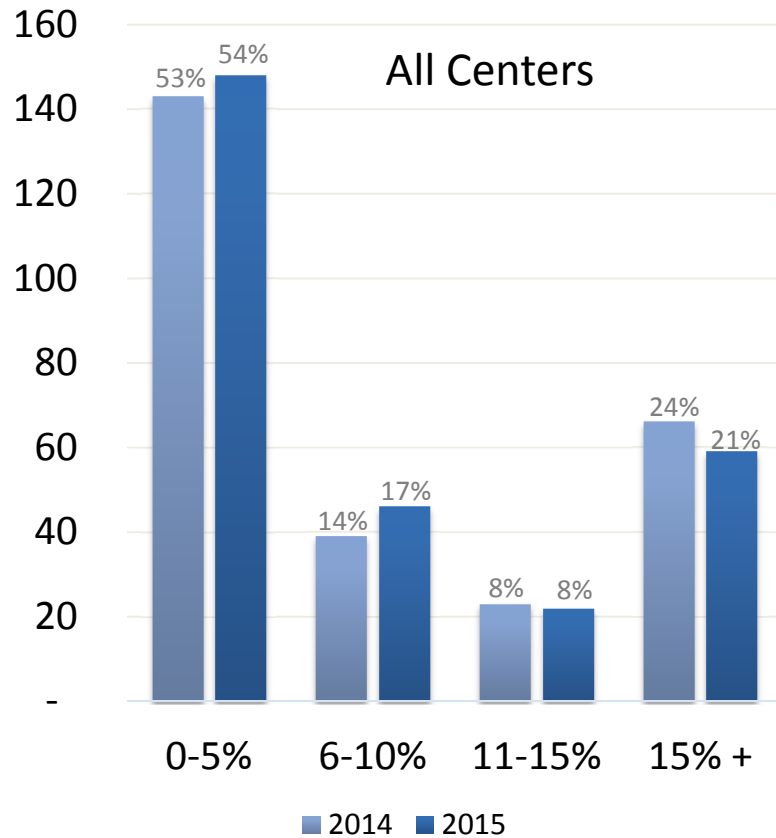
**Palm Beach Market – Publix Centers:**

Inventory: 9.5 SF (74)  
 Vacancy : 9.4% (-0.4 bps)  
 Absorption: 50,000 SF  
 New GLA: None

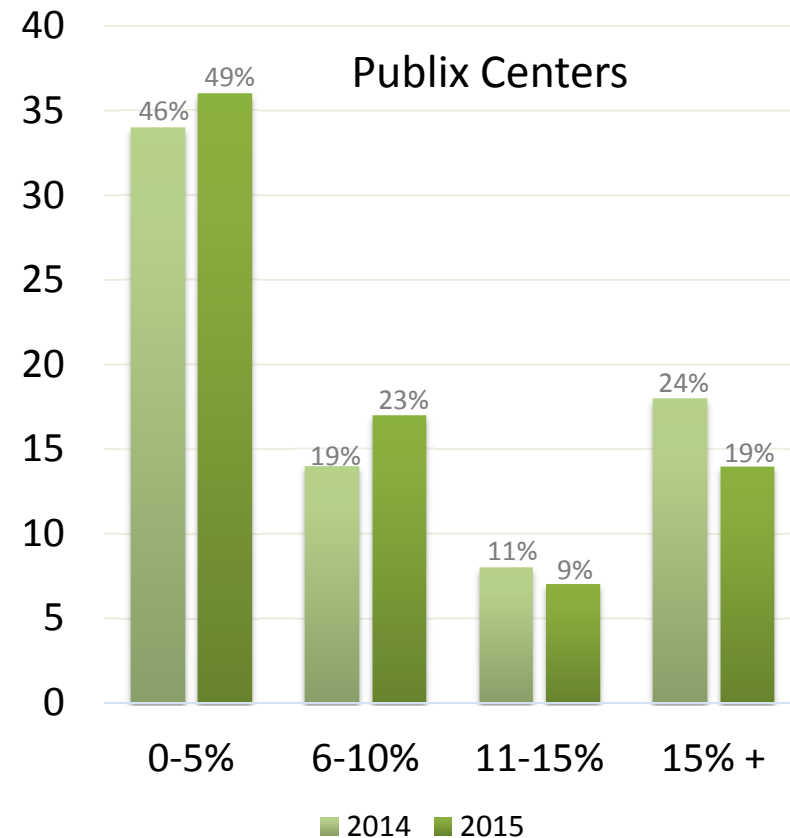
*As of January 2015, occupancy levels recovered 30% since 2010 peak at 12.7%.*



*Over half of the centers in the Palm Beach market have a vacancy rate of 0-5%.*

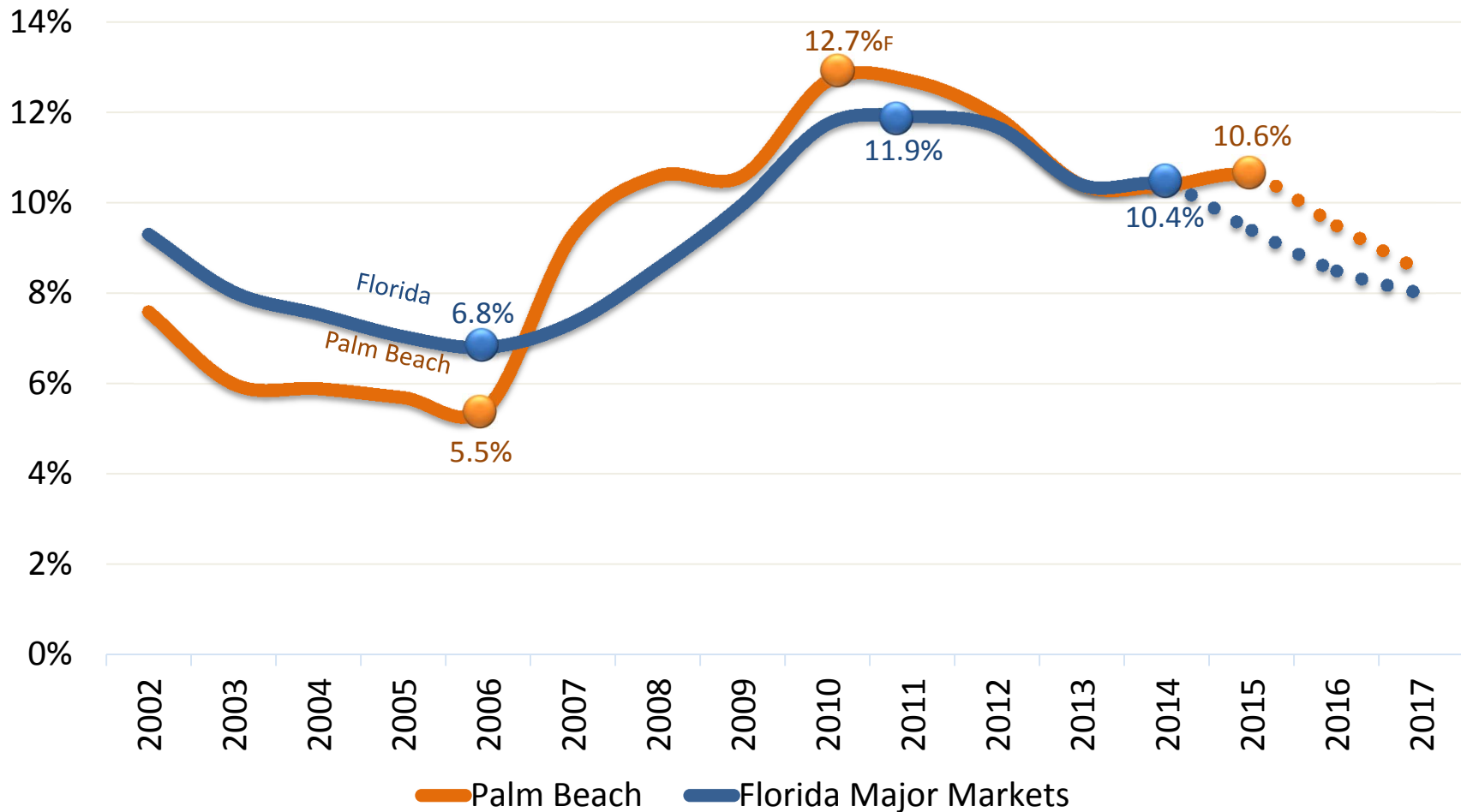


	2013	2014
Average Vacancy	10.5%	10.6%
Median Vacancy	5.1%	4.7%

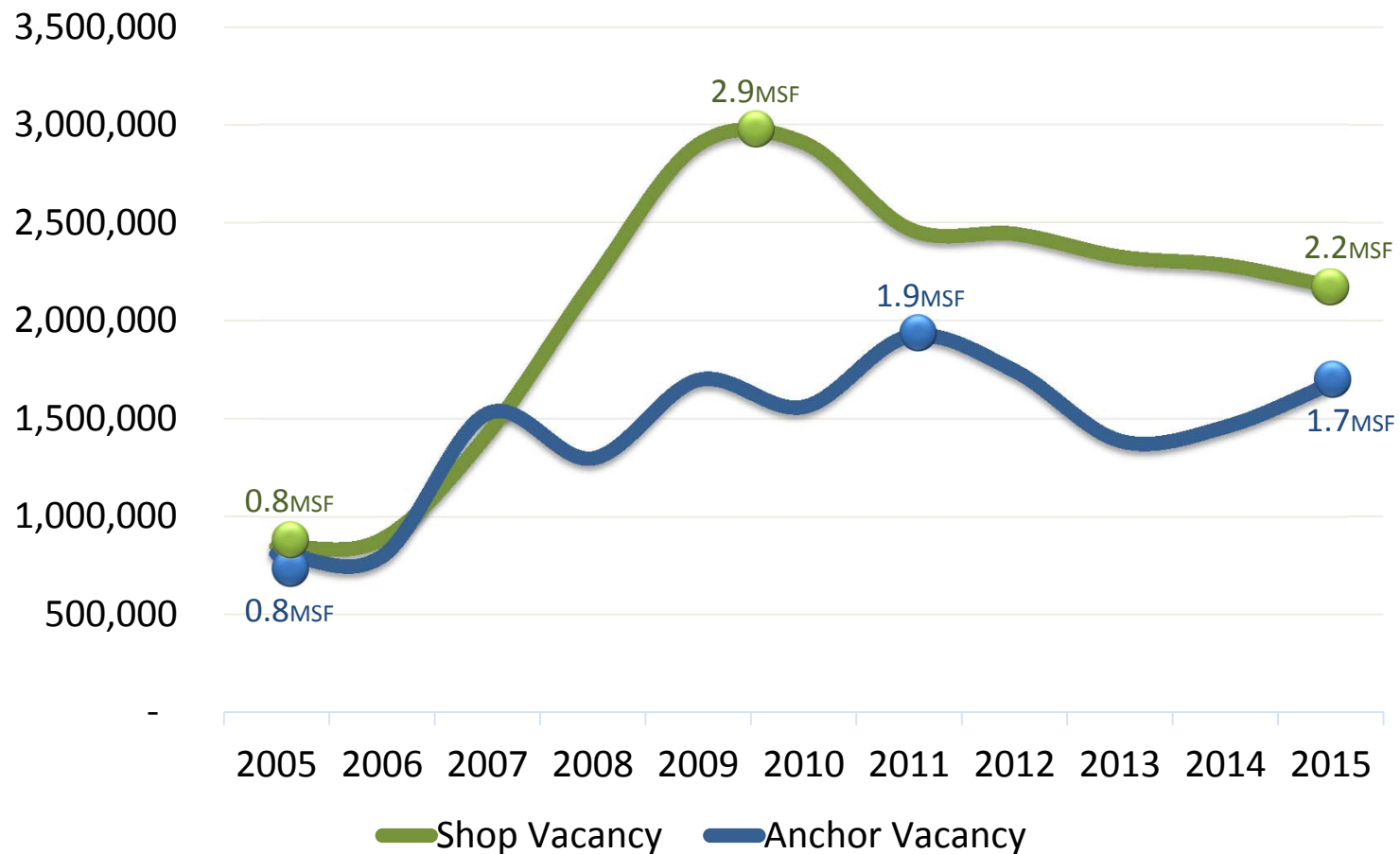


	2012	2014
Average Vacancy	9.8%	9.4%
Median Vacancy	6.0%	6.0%

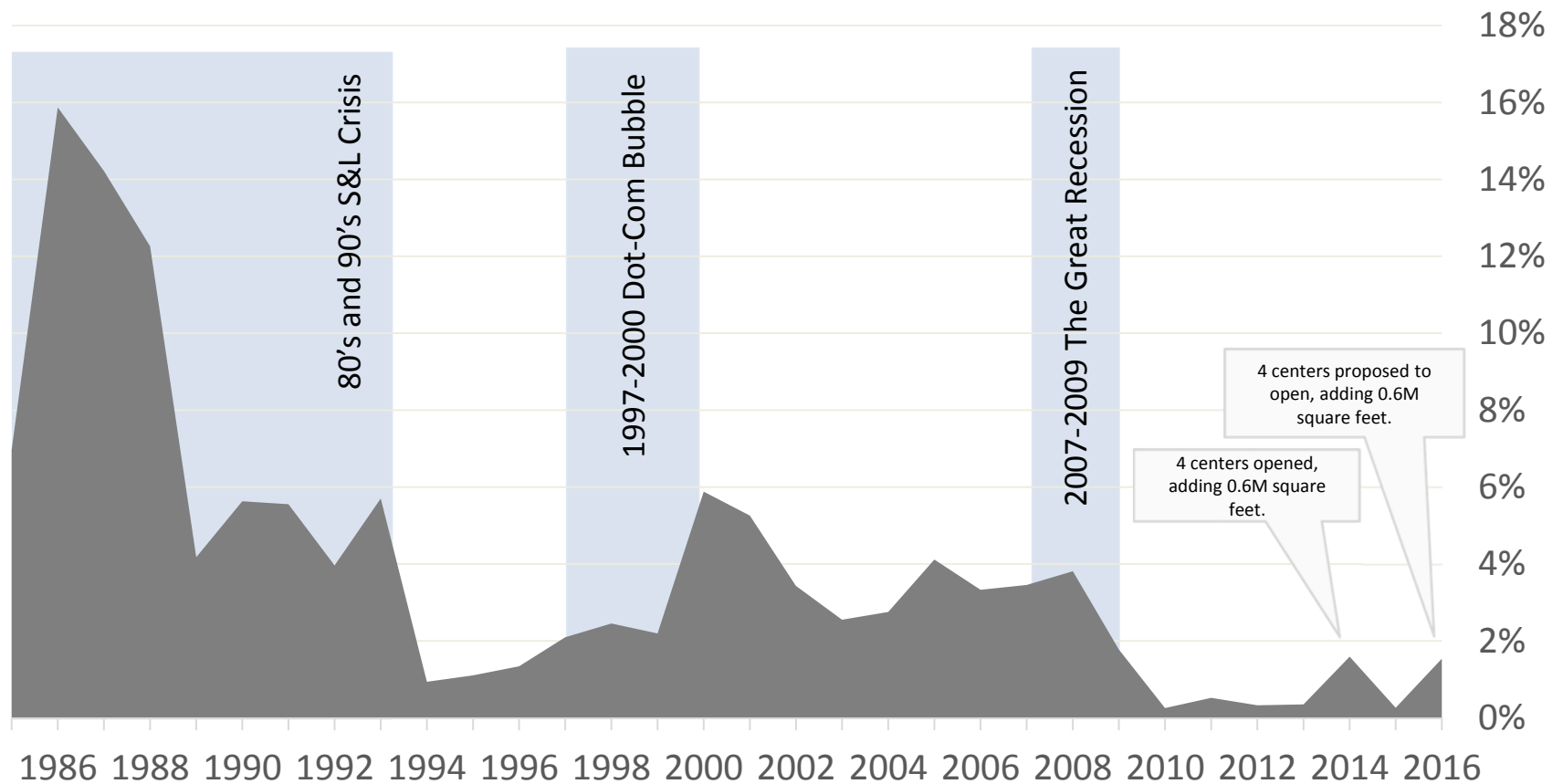
*Vacancy rates are declining with a slow and choppy pace.*



*Shop vacancy is steadily declining, down 30% from 2010. Anchor vacancy is down 20% from its peak.*

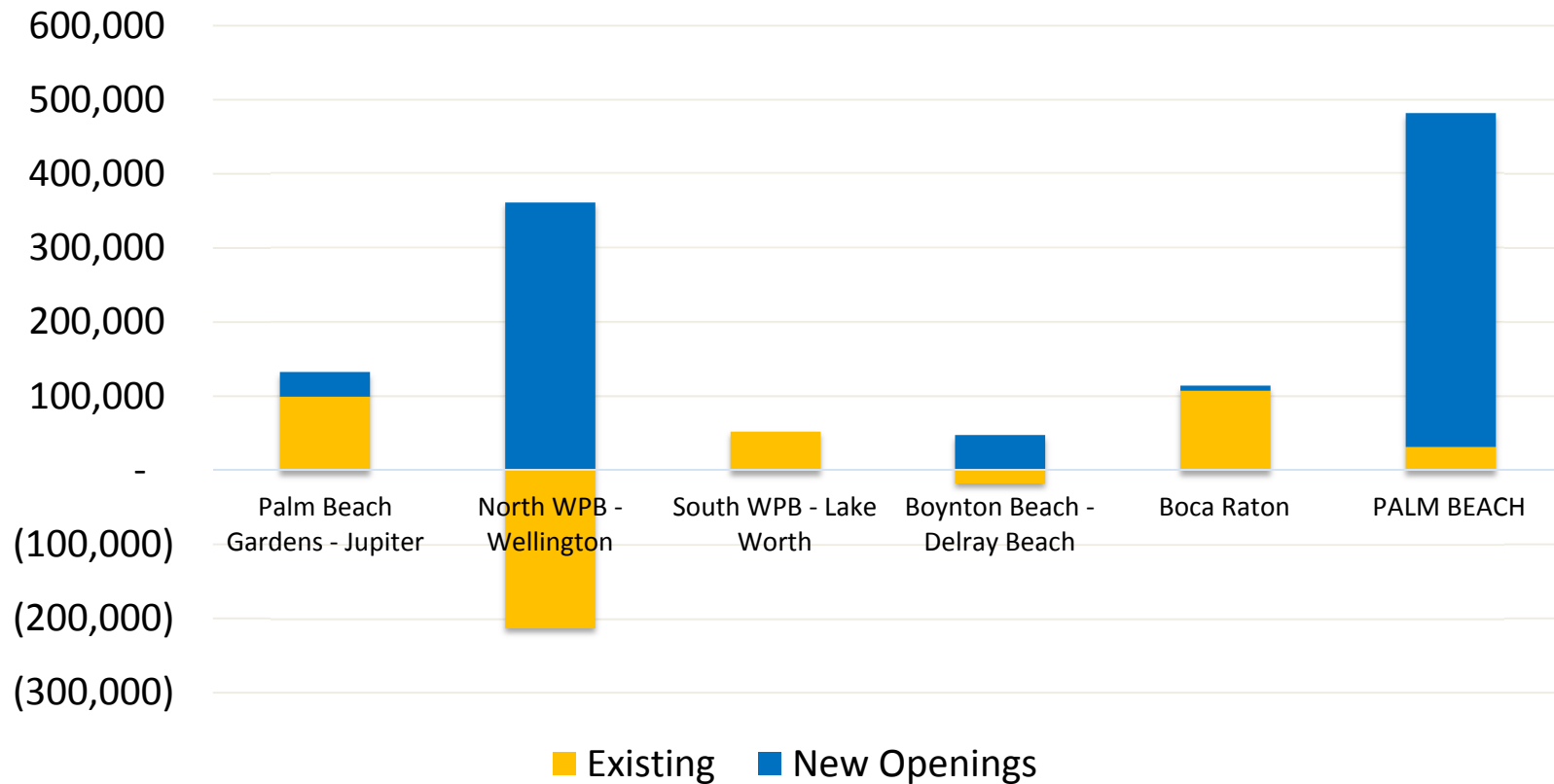


*After 4 years of almost no new space being built, new developments increased to 0.6M sf in 2014.*



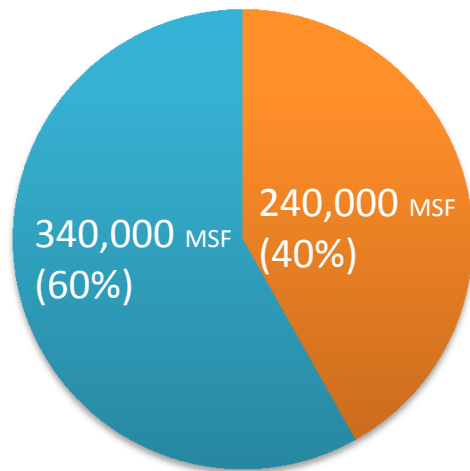


*Ground-up centers accounted for 93% of the positive absorption (existing centers 7%).*



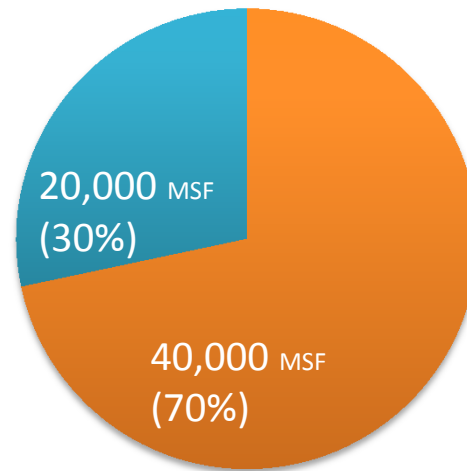
*New ground-up developments are starting to contain shop space.*

Completion



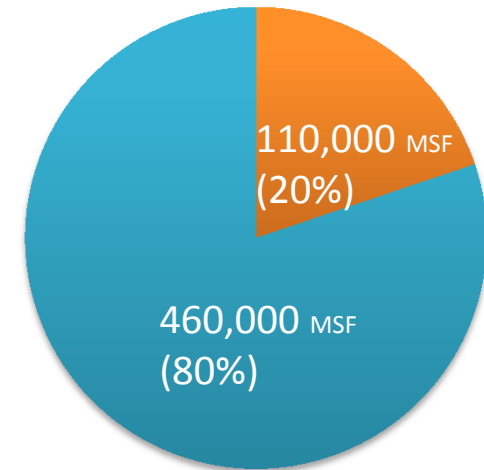
- Shop Space
- Anchor Space

Under Construction

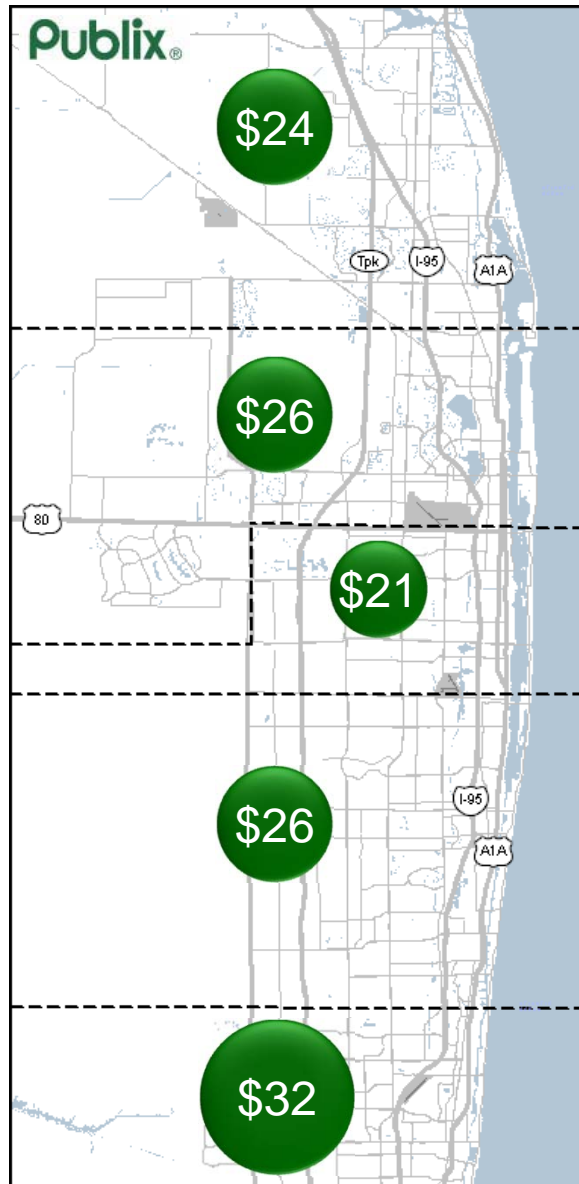


- Shop Space
- Anchor Space

Proposed

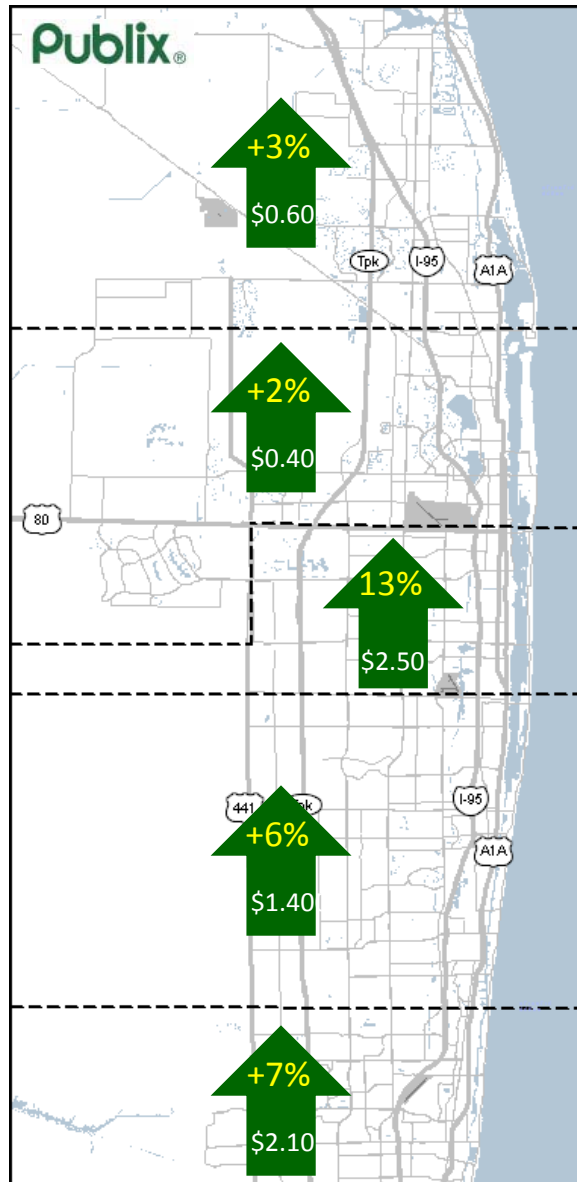


- Shop Space
- Anchor Space



## *Average Rental Rate Stands At \$25.80 NNN.*

- Average rental rates in the Palm Beach market range from \$21 to \$32 NNN.
- Boca Raton is the strongest submarket, asking \$32 NNN



## 6% Rent Growth in Palm Beach Market.

- Base rents increased by \$1.40 or about 600 basis points to \$25.80 NNN in January 2015, from \$24.40 NNN in January 2014.
- All five submarkets in Palm Beach market increased base rental rates.
- The South WPB-Lake Worth submarket was the most improved, increasing \$2.50 to \$20.75 NNN.

*Three years after the market bottomed out, rents have grown by \$2.75 NNN (back to 2006 levels).*



*Since bottoming out, base rental rates have recovered 70% and occupancy levels have recovered 30%.*





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### **About this study**

*Data was collected in January 2014 and January 2015 through on-site inspection by Woolbright Development and includes all retail centers in the Palm Beach market greater than 45,000 SF, and is the exclusive property of Woolbright Development, Inc. For more information about Woolbright's research please send an email to [lhoyer@woolbright.net](mailto:lhoyer@woolbright.net) or call Liz Hoyer, Research Director at 561-989-2247.*

### **Woolbright Development**

*Woolbright Development Inc., a real estate investment firm based in Boca Raton, Florida, acquires and develops retail grocery and basic needs shopping centers throughout the state of Florida. Founded 22 years ago, Woolbright is now one of Florida's largest investors in Florida shopping centers and is partnered with some of the US's largest real estate investors. The keys to our success are extensive area research, industry knowledge, client commitment, and vision. Woolbright currently maintains a retail portfolio of 3.5 MSF all of which is located in Florida's major metropolitan areas. Information about the firm, recent research studies and a complete listing of our portfolio can be found on our website [www.woolbright.net](http://www.woolbright.net).*