

MARKET FUNDAMENTALS

	YOY Chg	Outlook
\$94,400 Median HH Income*	▲	▲
0.1% Population Growth*	▲	▲
4.6% Unemployment Rate*	▲	▲

Source: BLS

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.6% GDP Growth*	▼	▲
1.5% Consumer Spending Growth*	▼	▲
1.0% Retail Sales Growth*	▼	▬

Source: BEA, Census Bureau

SUPPLY & DEMAND

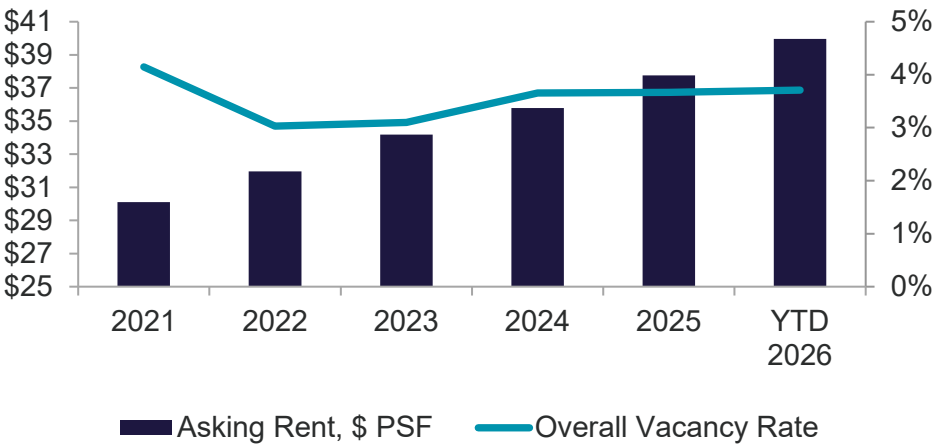
New supply ticked vacancy slightly higher from the previous quarter to 3.7%, up 20 basis points (bps) but still down 30 bps year-over-year (YOY). Palm Beach County’s Central Business District (CBD) recorded the largest annual drop, with vacancy falling 170 bps to 4.1%. Palm Beach Island, the county’s premium corridor, remained the tightest submarket, with vacancy down 150 bps YOY to 1.0%. Power Centers moved in the opposite direction, as net occupancy losses lifted vacancy 430 bps YOY to a market high of 6.6%. An additional 87,000 square feet (sf) delivered in the third quarter, bringing year-to-date (YTD) construction completions to almost 300,000 sf, already surpassing last year’s total. With limited construction starts, the development pipeline fell to a three-year low of 269,000 sf. Almost 60.0% of the space under construction was already preleased, with the modest volume unlikely to impact the overall vacancy rate going into next year.

Leasing activity slowed in the third quarter, with YTD deal volume reaching almost 1.1 million square feet (msf). After four consecutive quarters of net occupancy gains, absorption turned negative, falling by more than 64,000 sf in Q3. Despite the loss, 2026 absorption remained positive at almost 222,000 sf YTD, as strong gains in H1 helped offset the third-quarter decline. While occupancy losses of more than 158,000 sf in Power Centers helped fuel the vacancy increase, strong gains in General Retail (160,000 sf) and Neighborhood Centers (120,000 sf) kept overall absorption positive. Competition among tenants for a shrinking pool of quality space is likely to support stronger leasing momentum and a return to positive absorption in the coming quarters.

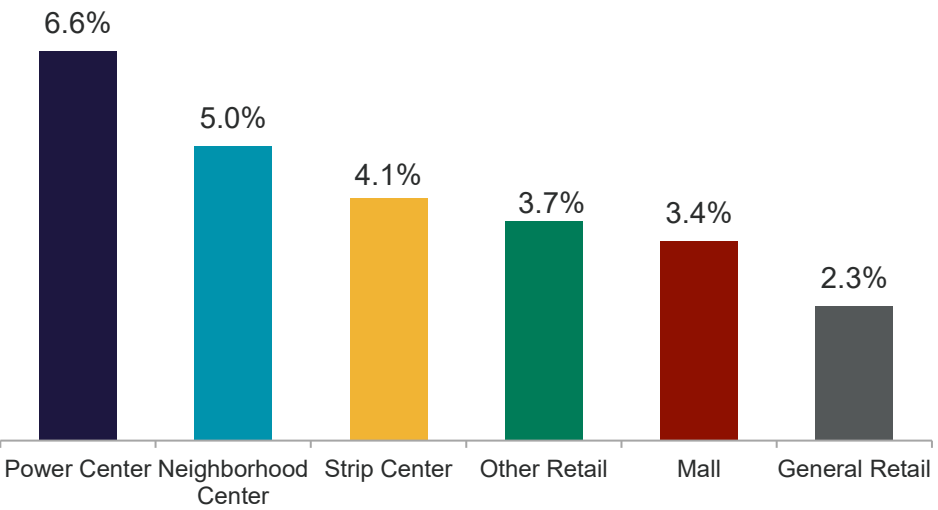
PRICING

Overall asking rents continued to climb closer to the \$40.00 per square foot (psf) threshold in Q3. The 7.7% YOY increase was the largest 12-month gain over the past ten years, surpassing the record growth in 2022 and 2023. Rents rose across the board, with annual increases in all submarkets and across all product types. Boca Raton West led all submarkets with a 9.5% annual increase to \$51.56 psf, while Power Centers led all product types, up 10.3% to \$44.83 psf. Palm Beach remained the key corridor for asking rents, rising 8.5% YOY to a market-leading \$96.87 psf. Heading into 2027, the combination of a muted development pipeline, historically limited availability and sustained leasing demand should continue to exert upward pressure on asking rents, positioning the market for another year of healthy growth.

OVERALL VACANCY & ASKING RENT



OVERALL VACANCY BY PRODUCT TYPE



Source: CoStar

INVESTMENT SALES

Palm Beach retail investment sales totaled \$234.1 million in the third quarter, bringing YTD sales to more than \$930.0 million. Although sales were down slightly YOY against last year’s record activity, 2026 still marked the third-highest total through three quarters in the past ten years. Average sale prices continued to climb as demand increased and high-quality, well-located buildings traded on the island and in the urban core. Palm Beach Island continued to lead the market in both volume and price, with \$243.0 million in YTD sales averaging \$1,734 psf. The Q3 average asking price was \$382 psf, up 8.8% YOY and well above the national average of \$246 psf.

Cap rates in Palm Beach County ranged from 5.6% to 6.8%, averaging 6.1% at quarter-end, well below the national average of 7.4%. Economic headwinds and slowing net migration have not dampened demand in the county, with \$1.8 billion in sales over the past 12 months. Consumer spending and rents continue to climb, supported by constrained available space and a limited development pipeline. With those fundamentals intact, investor demand is expected to remain strong going into next year.

KEY SALES TRANSACTIONS YTD 2026

PROPERTY	ADDRESS	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Esplanade 150 Worth Avenue	150 Worth Ave	Palm Beach	O'Connor Capital Partners / Reuben Brothers Crown Acquisitions	129,994	\$200.0M / \$1,539
The Fountains of Boynton Shopping Plaza	6627 W Boynton Beach Blvd	Boynton/Lantana	Union Investments / Publix	186,368	\$78.0M / \$419
Promenade Shopping Center	9810-9930 Alternate AIA Hwy	Palm Beach Gardens	Nuveen / The Mount Vernon Company	207,877	\$66.9M / \$322
Worth Avenue Plaza	225 Worth Ave	Palm Beach	JSB Capital Group LLC / Acadia Realty Trust	10,118	\$43.0M / \$4,250
105-111 E Atlantic	105-111 E Atlantic	Delray Beach	DHBH Atlantic LLC / Redfearn Capital	23,290	\$38.2M / \$1,640
Delray Landing	5024-5090 W Atlantic Ave	Delray Beach	Kroger PEBB Enterprises / Carlyle Management Company	70,192	\$30.0M / \$427

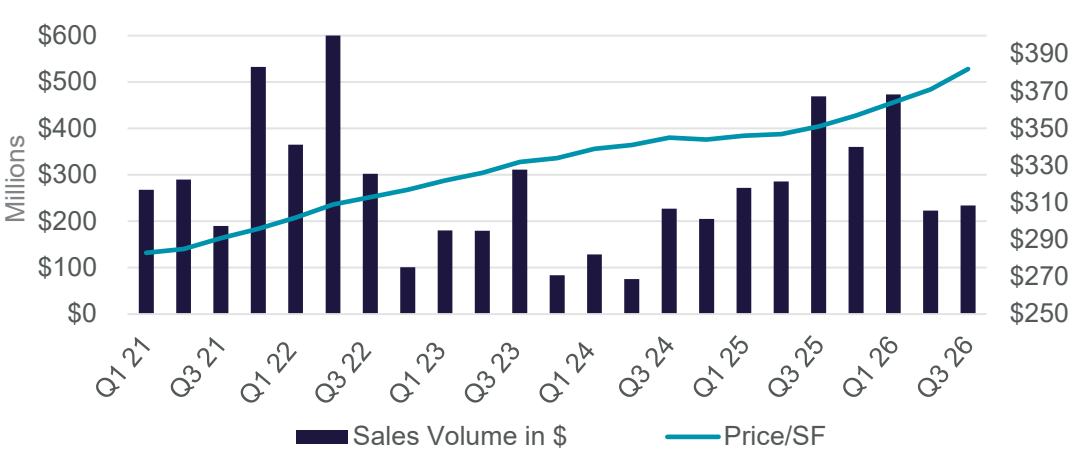
KEY LEASE TRANSACTIONS YTD 2026

PROPERTY	ADDRESS	SUBMARKET	TENANT	SF	TYPE
Royal Plaza	630-650 Royal Palm Beach Blvd	Royal Palm Bch/Wellington	Bridgeprep Academy, Inc.	31,841	New
Coral Sky Plaza	500-558 N Statte Rd 7	Royal Palm Bch/Wellington	Spirit Halloween	23,034	New
Shoppes at Isla Verde	420 S State Rd 7	Royal Palm Bch/Wellington	Nordstrom Rack	22,000	New
Village Shoppes on 441	10109-10307 Southern Blvd	Royal Palm Bch/Wellington	Premier Pickleball	20,000	New
32 S Dixie Hwy	32 S Dixie Hwy	Palm Springs/Lake Worth	Common Sense Foundation	18,951	New

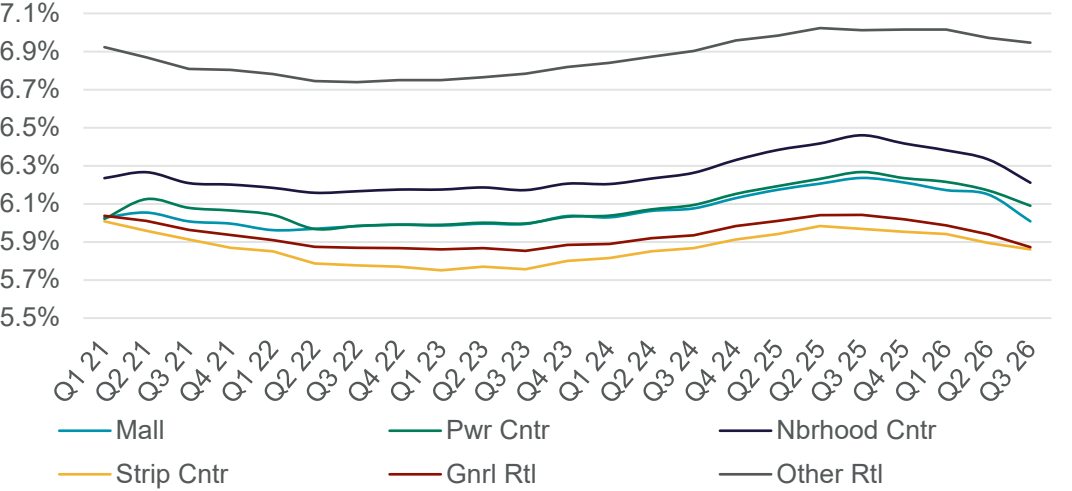
*Renewals not included in leasing statistics

Source: CoStar, Moody’s Analytics

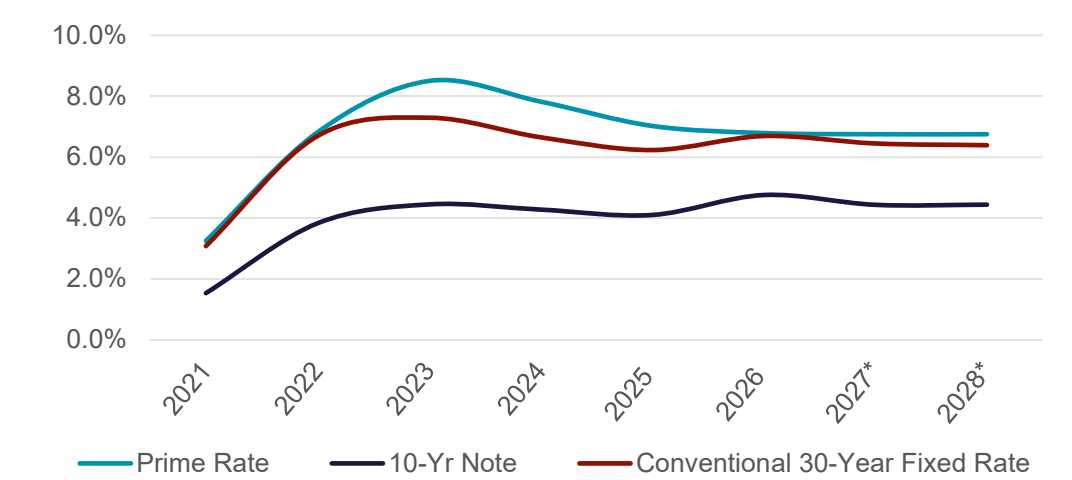
SALES VOLUME AND MARKET PRICE/SF



CAP RATES BY PROPERTY TYPE



INTEREST RATES



*Forecasted Data

MARKET STATISTICS

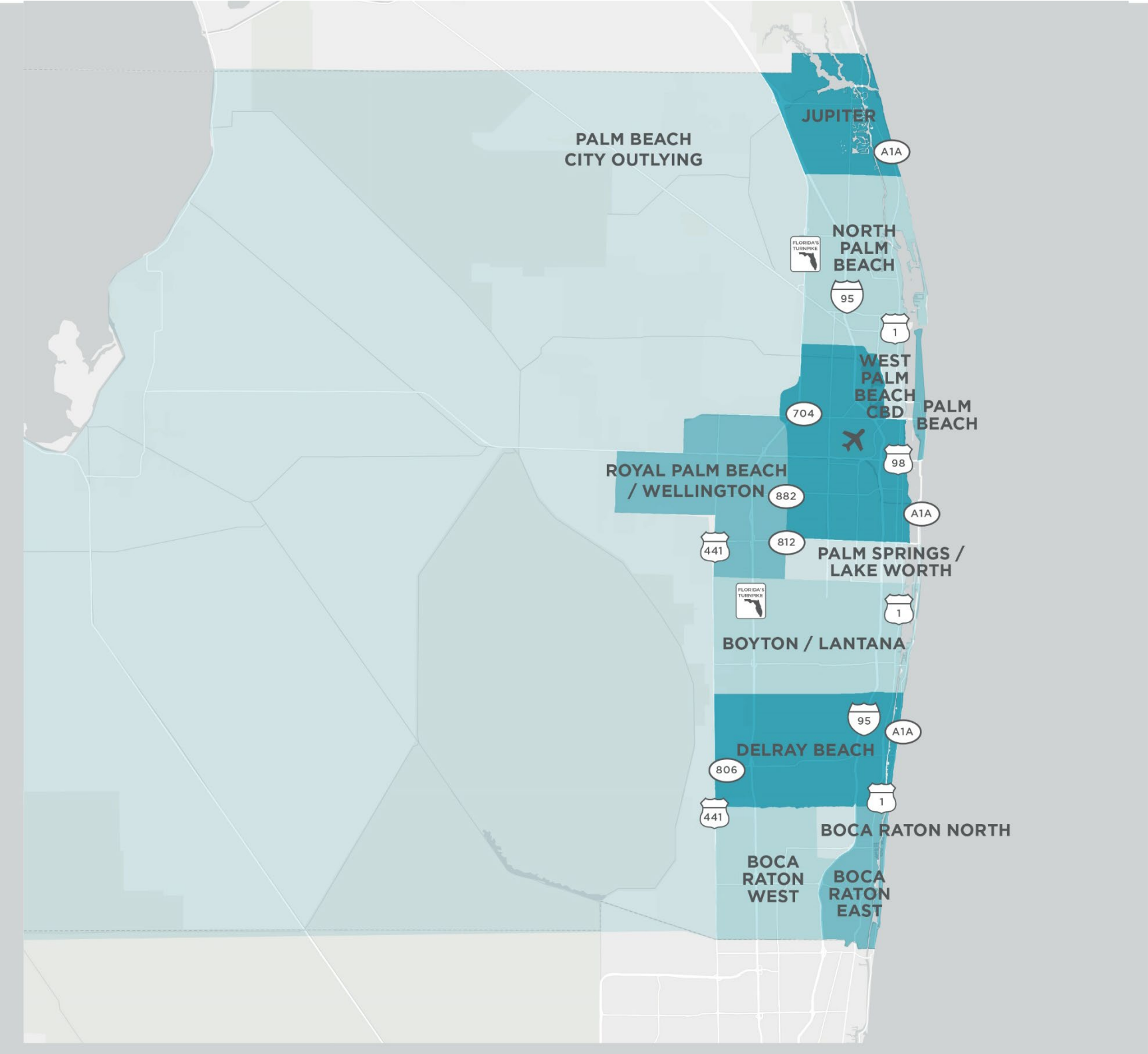
SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	OVERALL AVG ASKING RENT*	YOY RENT GROWTH %	UNDER CNSTR (SF)	YTD NET ABSORPTION (SF)
Boca Raton East	3,993,904	123,064	3.1%	\$47.89	9.1%	26,922	30,049
Boca Raton North	614,287	7,873	1.3%	\$58.35	9.5%	21,240	4,400
Boca Raton West	5,885,379	145,815	2.5%	\$51.56	9.6%	36,960	-30,060
Boynton/Lantana	10,114,130	241,834	2.4%	\$39.47	8.4%	10,000	-4,036
Delray Beach	8,255,185	405,789	4.9%	\$47.18	7.6%	0	-85,638
Jupiter	4,447,237	210,638	4.7%	\$40.76	8.4%	0	-16,509
North Palm Beach	11,593,604	422,507	3.6%	\$38.28	7.7%	5,636	-32,664
Palm Beach Cty Outlying	4,948,680	210,512	4.3%	\$30.55	7.8%	111,240	174,061
Palm Beach	1,071,531	10,273	1.0%	\$96.87	8.5%	0	17,788
Palm Springs/Lake Worth	2,694,082	46,739	1.7%	\$33.42	6.2%	0	51,848
Royal Palm Bch/Wellington	8,245,494	551,423	6.7%	\$37.51	9.5%	20,148	-38,243
West Palm Beach	16,544,607	561,325	3.4%	\$31.55	5.3%	36,997	105,395
West Palm Beach CBD	2,224,111	53,256	2.4%	\$45.60	6.6%	0	45,220
MARKET TOTALS	80,632,231	2,991,048	3.7%	\$39.96	7.8%	269,143	221,611

MARKET STATISTICS BY PROPERTY TYPE

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	OVERALL AVG ASKING RENT*	YOY RENT GROWTH %	UNDER CNSTR (SF)	YTD NET ABSORPTION (SF)
Malls	8,905,426	299,862	3.4%	\$45.72	9.1%	0	-22,637
Power Center	3,254,705	214,093	6.6%	\$44.83	10.3%	36,960	-158,527
Neighborhood Center	29,633,521	1,490,870	5.0%	\$38.42	8.8%	112,920	119,726
Strip Center	5,360,200	219,458	4.1%	\$36.33	6.4%	34,242	88,211
General Retail	32,793,636	741,362	2.3%	\$39.55	6.4%	85,021	194,838
Other	684,743	25,403	3.7%	\$54.65	8.2%	0	0
MARKET TOTALS	80,632,231	2,991,048	3.7%	\$39.96	7.8%	269,143	221,611

Source: CoStar *Rental rates reflect triple net asking

RETAIL SUBMARKETS



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