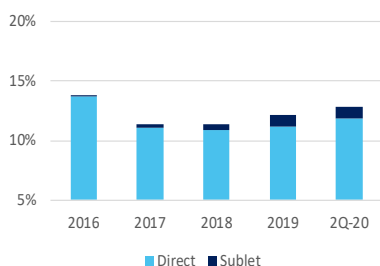


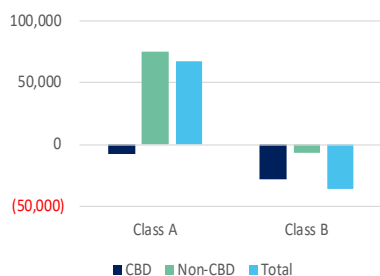
Palm Beach County

After several years of record-setting economic growth, Florida's real estate markets abruptly paused in mid-March due to the spread of the novel coronavirus (COVID-19). While the full impact is yet to be felt, second quarter statistics provide an indication of the Palm Beach market's health. Third quarter activity is expected to provide greater clarity.

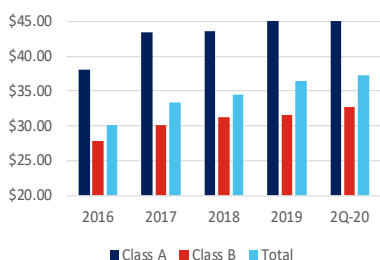
Vacancy Rate



YTD Net Absorption (SF)



Average Asking Rent Rate (\$/SF/FS)



Palm Beach County's Office Market Shows Resiliency Amid Decelerated Leasing Activity

- Palm Beach County's office market showed resiliency during the second quarter of 2020 as leasing activity decelerated significantly. Net absorption remained in positive territory at the end of the quarter, faring better than both Broward and Miami's office markets which both trended negative. Although overall vacancy rose by 117 basis points (bps) year-over-year, a significant uptick in sublease vacancy has not yet emerged.
- The largest lease of the second quarter was Conduent's renewal of 31,046 sf at the Boca Raton Innovation Campus. However, the tenant also gave back approximately 22,000 sf of class B space. Another notable deal was International Materials, Inc's lease for 20,052 sf, relocating its corporate headquarters from Boca Raton to the Offices of 4th & 5th Delray in downtown Delray Beach.
- In response to the pandemic and growing concerns regarding the over-supply of

class A office development in Downtown West Palm Beach, Jeff Greene, the developer behind the One West Palm office tower, is considering rezoning the project for a multifamily use.

- Investment sales fell dramatically across South Florida during the second quarter as investors put deals on hold while waiting out the crisis. The most significant investment sale of the quarter was the sale of Golden Bear Plaza in Palm Beach Gardens for \$49.7 million. The sale was significantly less than the \$62.3 million that the asset traded for in 2017 because it was subject to a ground lease, meaning that the buyers purchased the office buildings but not the land.
- Class A rent growth has begun to decelerate with rates growing at 2.1% since the second quarter of 2019 compared with 5.8% from the same time period one year prior.

Trends to Watch



Interest from the NE

South Florida will likely benefit from increased demand from individuals and businesses in the Northeast looking to relocate away from dense, urban locations.



Suburban Growth

Growth within suburban submarkets will likely be accelerated by the pandemic. Vacancy in the CBD rose by 344 bps year-over-year.



Stable Rent Collection

Government relief packages have bolstered rent collections. With the programs expiring in July, a clearer impact may emerge near the end of the year.

26.8 MSF

Total office inventory in the Palm Beach County market

31,383 SF

Direct Y-T-D net absorption as of 2Q-2020

12.84%

Overall Vacancy

\$46.81/SF/FS

Average rental rate for class A space

Palm Beach County										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	8,329,692	1,029,930	85,886	\$46.81	87.64%	12.36%	1.03%	13.40%	857,229	66,874
Class B	18,568,062	2,145,942	191,370	\$32.67	88.44%	11.56%	1.03%	12.59%	0	(35,491)
Total	26,897,754	3,175,872	277,256	\$37.26	88.19%	11.81%	1.03%	12.84%	857,229	31,383

CBD										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	1,656,861	226,474	26,147	\$65.02	86.33%	13.67%	1.58%	15.25%	503,950	(7,954)
Class B	1,619,687	251,307	2,283	\$37.03	84.48%	15.52%	0.14%	15.66%	0	(28,340)
Total	3,276,548	477,781	28,430	\$50.29	85.42%	14.58%	0.87%	15.45%	503,950	(36,294)

Non-CBD										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	6,672,831	803,456	59,739	\$41.68	87.96%	12.04%	0.90%	12.94%	353,279	74,828
Class B	16,948,375	1,894,635	189,087	\$32.10	88.82%	11.18%	1.12%	12.29%	0	(7,151)
Total	23,621,206	2,698,091	248,826	\$34.95	88.58%	11.42%	1.05%	12.48%	353,279	67,677

Boca Raton										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	4,450,714	540,152	53,092	\$40.78	87.86%	12.14%	1.19%	13.33%	0	26,454
Class B	7,284,971	864,169	104,179	\$33.49	88.14%	11.86%	1.43%	13.29%	0	(92,071)
Total	11,735,685	1,404,321	157,271	\$36.30	88.03%	11.97%	1.34%	13.31%	0	(65,617)

Boynton / Lantana										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	280,593	7,972	1,998	\$29.61	97.16%	2.84%	0.71%	3.55%	0	0
Class B	604,841	60,692	0	\$24.30	89.97%	10.03%	0.00%	10.03%	0	12,096
Total	885,434	68,664	1,998	\$24.92	92.25%	7.75%	0.23%	7.98%	0	12,096

Delray Beach										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	88,280	27,662	0	\$59.95	94.33%	5.67%	0.00%	5.67%	65,308	20,052
Class B	941,093	92,796	7,201	\$27.38	90.14%	9.86%	0.77%	10.63%	0	(4,865)
Total	1,029,373	120,458	7,201	\$34.86	90.50%	9.50%	0.70%	10.20%	65,308	15,187

Downtown West Palm Beach										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	1,656,861	226,474	26,147	\$65.02	86.33%	13.67%	1.58%	15.25%	503,950	(7,954)
Class B	1,619,687	251,307	2,283	\$37.03	84.48%	15.52%	0.14%	15.66%	0	(28,340)
Total	3,276,548	477,781	28,430	\$50.29	85.42%	14.58%	0.87%	15.45%	503,950	(36,294)

Jupiter										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	135,033	0	0	\$0.00	100.00%	0.00%	0.00%	0.00%	0	5,918
Class B	1,319,632	78,034	1,996	\$29.61	94.79%	5.21%	0.15%	5.37%	0	(2,744)
Total	1,454,665	78,034	1,996	\$29.61	95.27%	4.73%	0.14%	4.87%	0	3,174

North Palm Beach / Palm Beach Gardens										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	649,320	76,736	2,509	\$44.90	88.18%	11.82%	0.39%	12.20%	111,971	14,481
Class B	3,493,672	405,390	37,138	\$29.19	88.40%	11.60%	1.06%	12.67%	0	55,419
Total	4,142,992	482,126	39,647	\$31.69	88.36%	11.64%	0.96%	12.59%	111,971	69,900

Palm Beach										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	146,133	29,955	0	\$65.13	79.50%	20.50%	0.00%	20.50%	0	8,140
Class B	411,182	66,689	1,607	\$69.37	83.78%	16.22%	0.39%	16.61%	0	(3,068)
Total	557,315	96,644	1,607	\$68.05	82.66%	17.34%	0.29%	17.63%	0	5,072

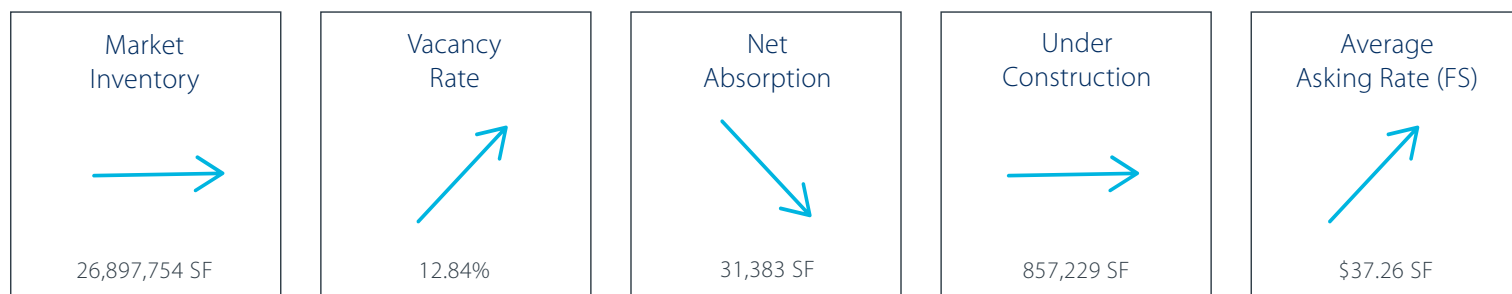
Palm Springs / Lake Worth										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	0	0	0	\$0.00	0.00%	0.00%	0.00%	0.00%	0	0
Class B	414,045	63,763	5,635	\$24.30	84.60%	15.40%	1.36%	16.76%	0	68
Total	414,045	63,763	5,635	\$24.30	84.60%	15.40%	1.36%	16.76%	0	68

Royal Palm Beach / Wellington										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	35,038	23,342	0	\$38.75	33.38%	66.62%	0.00%	66.62%	0	11,696
Class B	688,060	50,248	14,692	\$32.13	92.70%	7.30%	2.14%	9.44%	0	(27,656)
Total	723,098	73,590	14,692	\$34.23	89.82%	10.18%	2.03%	12.21%	0	(15,960)

West Palm Beach										
Class Breakdown	Total RSF	Direct Vacant SF	Sublet Vacant SF	Lease Rate	% Occupied	% Vacant	% Sublet Vacancy	% Total Vacancy	Under Construction	Net Absorption
Class A	887,720	97,637	2,140	\$33.45	89.00%	11.00%	0.24%	11.24%	176,000	(11,913)
Class B	1,790,879	212,854	16,639	\$27.80	88.11%	11.89%	0.93%	12.81%	0	55,670
Total	2,678,599	310,491	18,779	\$29.58	88.41%	11.59%	0.70%	12.29%	176,000	43,757

Reporting Methodology: This report includes all class 'A' and 'B' office buildings and parks 20,000 SF and greater in Palm Beach County that are not owner occupied, office medical, or government owned. All rents are reported on a full-service gross basis and are direct weighted averages calculated on total available space. The information in this report has been collected by the Avison Young research team via sources that are deemed reliable but is not guaranteed.

Leading Indicators (Y-O-Y 2Q-2019 to 2Q-2020)



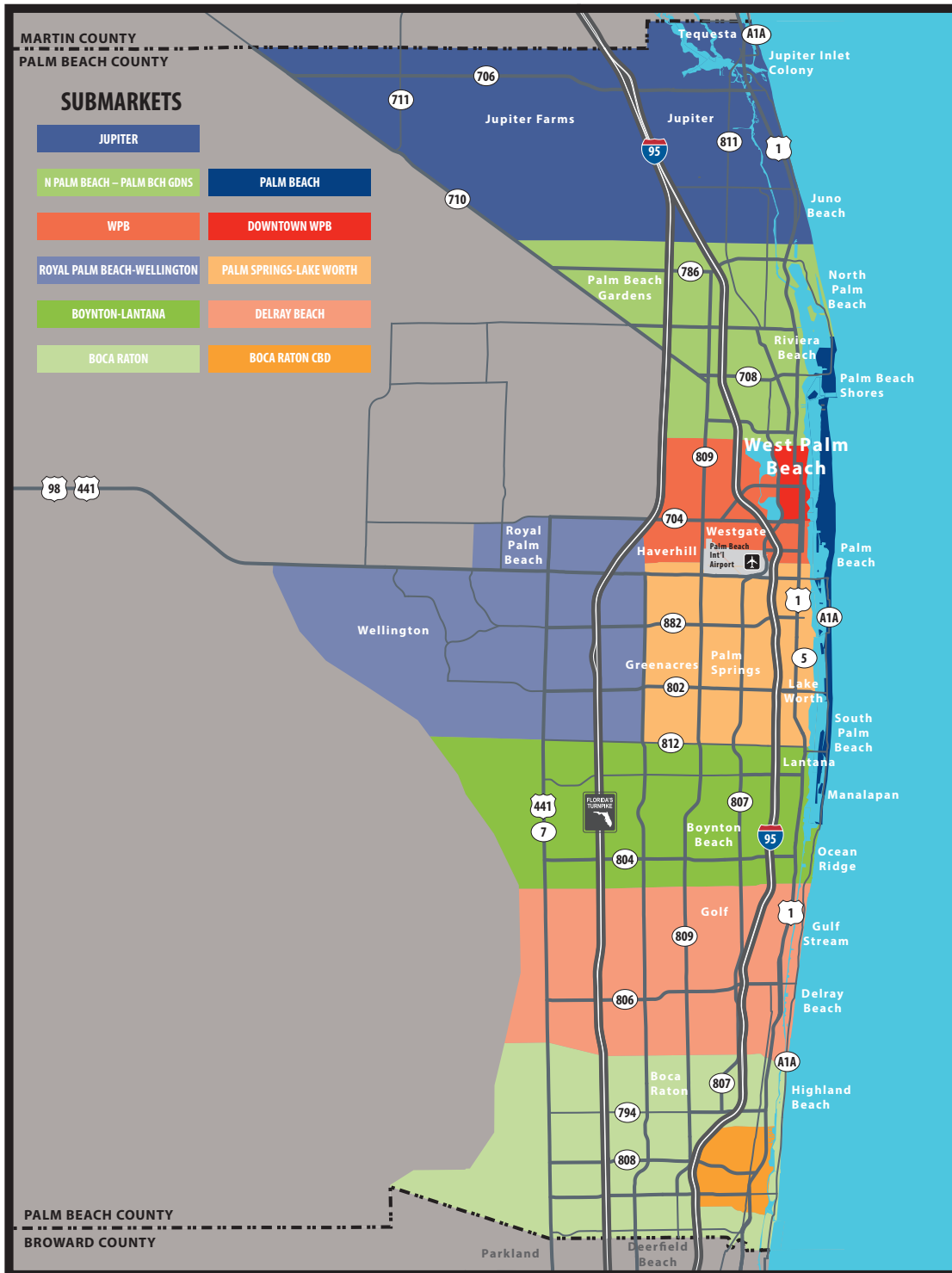
Significant Second Quarter 2020 Lease Transactions - Sorted by SF

Tenant	Property	Type	SF	Submarket
Conduent	Boca Raton Innovation Campus	Renewal/Downsize	31,046	Boca Raton
4Ocean*	FAU Innovation Centre 6	New	25,538	Boca Raton
International Materials Inc. (IMI)*	Offices at 4th & 5th Delray	New	20,052	Delray Beach
Reliable Solutions	1625 S Congress Ave	Renewal	12,797	Delray Beach
Accountable Healthcare Staffing	999 Yamato Rd	Renewal	10,366	Boca Raton
Newell Brands	Peninsula Plaza	Renewal	10,240	Boca Raton
Enercon Engineering	11631 Kew Gardens Ave	Sublease	8,732	North Palm Beach / Palm Beach Gardens
Accounting Advantage	Fountain Square	New	6,803	Boca Raton
Gunster	Boca Village Corporate Center	Renewal	6,636	Boca Raton
Hazen & Sawyer	Boca Corporate Center	Renewal	6,500	Boca Raton
QXC Communications	3785 N Federal Hwy	New	6,447	Boca Raton
iMedia Brands	12800 US Hwy 1	New	6,400	North Palm Beach / Palm Beach Gardens
AEDA	4400 N Congress Ave	New	6,212	West Palm Beach

* Avison Young handled this transaction

Significant Second Quarter 2020 Sales Transactions - Sorted by Sale Price

Property	SF	Sale Price	Price/SF	Buyer	Submarket
Golden Bear Plaza	243,274	\$49,750,000	\$205	Waterfall Asset Management / MHCommercial	North Palm Beach / Palm Beach Gardens
Brandywine Centre I	69,715	\$13,775,000	\$197	King Real Estate	West Palm Beach



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