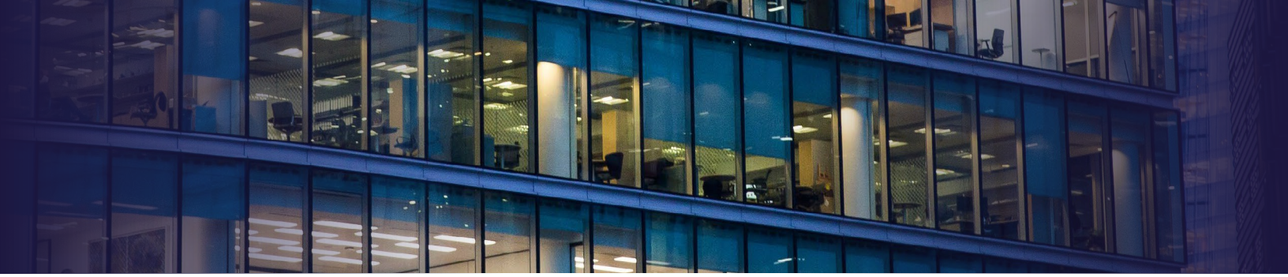
MARKETBEAT

PALM BEACH

OFFICE Q4 2024



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
13.8% Vacancy Rate	▲	▼
-91,525 YTD Net Absorption, SF	▲	▲
$50.89 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
703K Palm Beach County Employment	▲	▲
3.4% Palm Beach County Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMY

The unemployment rate in Palm Beach County was 3.4%, up 20 basis points (bps) from one year ago. While unemployment rose year-over-year (YOY), Palm Beach remained 80 bps below the national rate.

SUPPLY

Overall vacancy in Palm Beach County ended 2024 at 13.8%, up 140 bps quarter-over-quarter (QOQ) and 160 bps from one year ago. Downtown Palm Beach's vacancy rate rose 690 basis points YOY, reaching 19.1% by the end of 2024. The year-end completions of 300 Banyan and One Flagler in the Central Business District (CBD) were the key contributors to the county's vacancy spike. Both projects, totaling over 375,000 square feet (sf), delivered almost 70.0% preleased. Despite the demand, longer build out times meant only 30,000 sf were occupied in the quarter, with most occupancies expected in the first half of 2025. Just 266,549 sf remained under construction at the end of the year, marking the lowest pipeline in over three years.

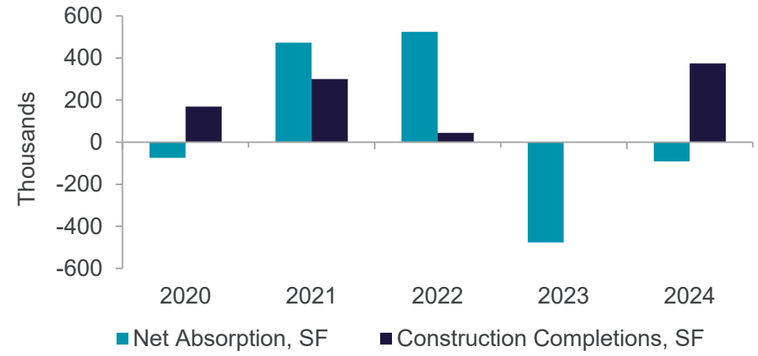
DEMAND

New leasing activity in Palm Beach County totaled almost 1.2 million square feet (msf) at year end, down 16.4% from 2023. Deal activity in Downtown Palm Beach increased almost 90.0% YOY, reflecting the market's pent-up demand for new top tier space. Non-CBD leasing activity decreased 28.0% YOY, with the most notable decline (44.2%) in the Northwest Boca Raton submarket. Overall absorption in Q4 was slightly positive at 10,162 sf, despite year-to-date (YTD) absorption remaining negative at -91,525 sf. The largest tenant occupancy was Celsius' relocation from 28,715 sf at Peninsula Plaza into 50,312 sf at Peninsula Executive Center. Other notable move-ins included 30,000 sf between Diameter Capital and GTCR at One Flagler and the 13,325 sf GSA occupancy at Northbridge Centre.

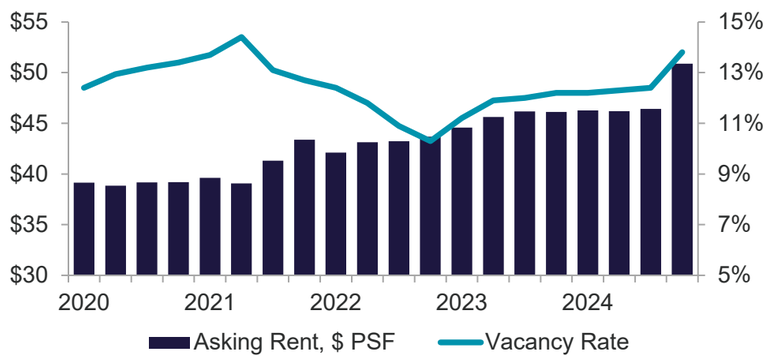
PRICING

The overall average asking rate in Palm Beach reached $50.89 per square foot (psf), reflecting a 10.4% YOY increase. After remaining stable over the past six quarters, the project deliveries with asking rates exceeding $100.00 psf caused a notable rise of 9.6% QOQ. Downtown asking rates recorded an even steeper YOY jump of 27.0%, reaching $85.14 psf, with top-tier Class A space in the CBD averaging at $105.31 psf. In contrast, suburban asking rates rose modestly by 1.1% to $43.26 psf, continuing the trend of rent stabilization observed since early 2023. In the short term, as more leasing takes place at 300 Banyan and One Flagler progress, rates should trend downward..

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



PALM BEACH
OFFICE Q4 2024

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)*	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)**	OVERALL AVG ASKING RENT (CLASS A)**
WEST PALM BEACH CBD	**3,954,766**	**733,321**	**22,396**	**19.1%**	**33,215**	**52,691**	**267,535**	**210,000**	**$85.14**	**$105.31**
SUBURBAN WPB	**3,311,514**	**344,849**	**1,609**	**10.5%**	**-14,541**	**-28,766**	**163,957**	**0**	**$39.75**	**$49.20**
Suburban West Palm Beach	2,726,510	334,265	1,609	12.3%	-10,741	-21,261	155,957	0	$38.56	$41.35
Palm Beach	585,004	10,584	0	1.8%	-3,800	-7,505	8,000	0	$111.30	$41.35
NORTH PALM BEACH	**3,461,631**	**239,815**	**1,344**	**7.0%**	**28,684**	**29,013**	**173,196**	**0**	**$43.15**	**N/A**
Palm Beach Gardens	2,655,910	209,487	1,344	7.9%	15,361	16,493	128,409	0	$43.60	$56.40
Jupiter/Tequesta/Juno	805,721	30,328	0	3.8%	13,323	12,520	44,787	0	$40.25	$56.40
SOUTH PALM BEACH	**1,734,601**	**87,985**	**0**	**5.1%**	**-4,936**	**2,869**	**42,475**	**56,549**	**$36.56**	**N/A**
Lake Worth	432,117	15,262	0	3.5%	-5,588	672	10,706	0	$30.25	$67.29
Boynton Beach	441,889	7,992	0	1.8%	1,018	-6,938	3,918	0	$25.76	$33.00
Delray beach	860,595	64,731	0	7.5%	-366	9,135	27,851	56,549	$38.88	$24.50
BOCA RATON	**11,203,605**	**1,667,633**	**161,027**	**16.3%**	**-32,260**	**-147,332**	**548,540**	**0**	**$44.45**	**$89.00**
Glades Road	2,818,864	286,019	61,875	12.3%	51,393	26,580	148,726	0	$54.34	$49.44
Federal Highway Corridor	1,212,142	167,376	1,000	13.9%	-43,019	-75,427	79,571	0	$42.46	$57.45
Northwest Boca Raton	5,785,544	1,078,110	74,752	19.9%	-38,605	-85,691	297,270	0	$40.28	$42.75
Southwest Boca Raton	364,122	9,792	0	2.7%	1,536	3,565	11,703	0	$37.22	$44.27
Downtown Boca Raton	1,022,933	126,336	23,400	14.6%	-3,565	-16,359	11,270	0	$54.99	N/A
SUBRUBAN PALM BEACH	**19,711,351**	**2,340,282**	**163,980**	**12.7%**	**-23,053**	**-144,216**	**928,168**	**56,549**	**$43.26**	**$54.55**
PALM BEACH TOTALS	**23,666,117**	**3,073,603**	**186,376**	**13.8%**	**10,162**	**-91,525**	**1,195,703**	**266,549**	**$50.89**	**$62.12**

**Renewals not included in leasing statistics* ***Rental rates reflect full service asking*

CLASS	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)*	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)**	OVERALL AVG ASKING RENT (CLASS A)**
Class A	10,624,349	1,525,543	101,571	15.3%	66,602	-22,056	665,815	266,549	$62.63	$62.12
Class B	13,041,768	1,548,060	84,805	12.5%	-56,440	-69,469	529,888	0	$41.67	$41.49

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1501 Yamato Road	Northwest Boca Raton	Coworking Concepts	22,000	New
1801 N Military Trail	Glades Road	Morgan Stanley	21,099	Renewal*
180 Lakeview Avenue	West Palm Beach CBD	ViperTec	19,008	New
777 S Flagler Drive	West Palm Beach CBD	Reyes Holdings	17,747	Renewal*

KEY SALE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
2101 NW Corporate Blvd	Glades Road	Zell One Inc | Larsen MacColl	93,981	$20.0M | $213

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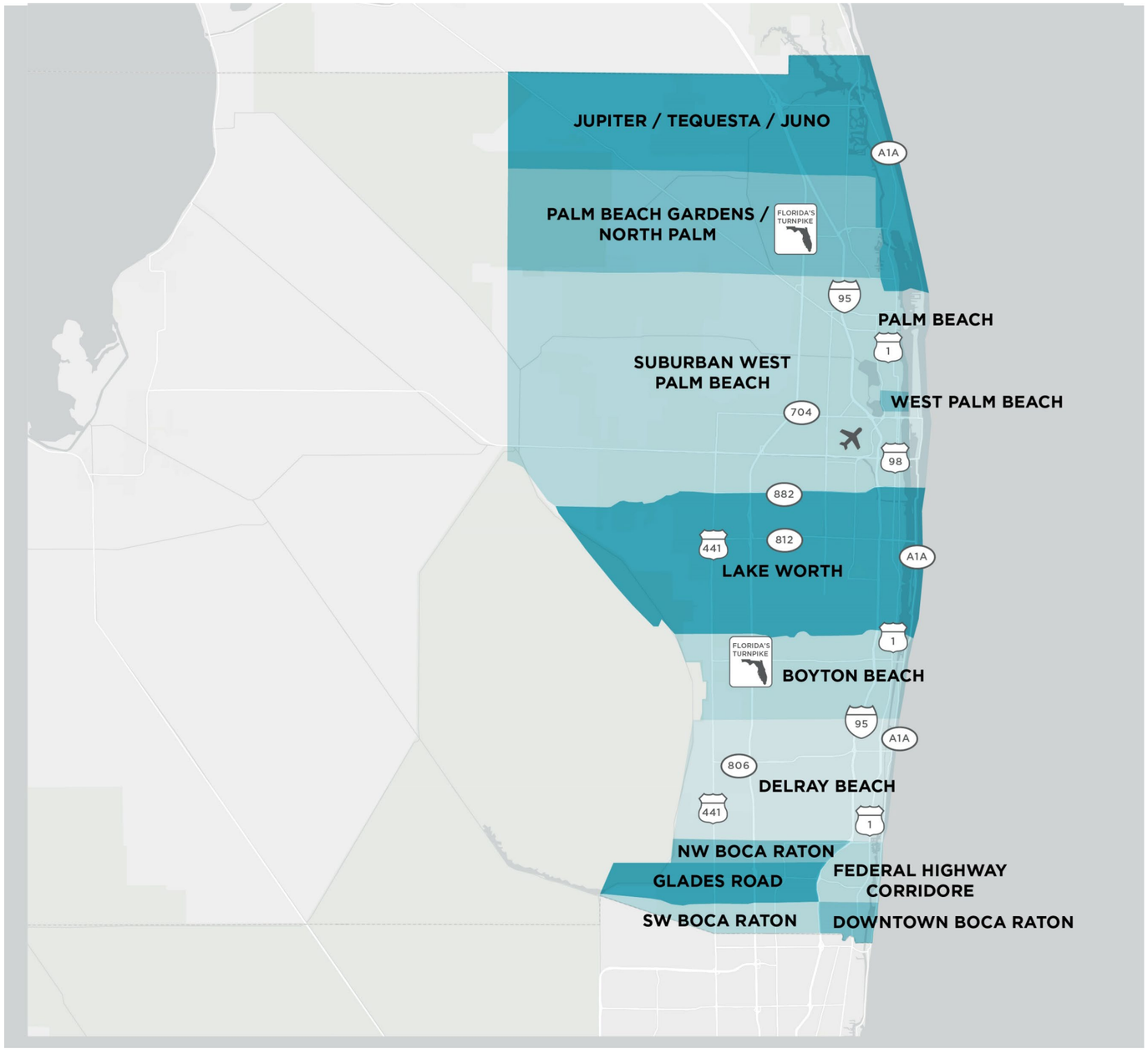
OFFICE SUBMARKETS



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