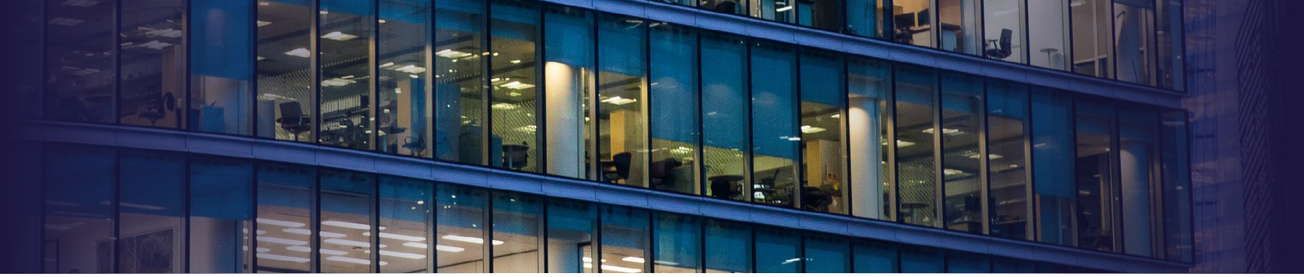
MARKETBEAT

PALM BEACH

OFFICE Q1 2025



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
13.6% Vacancy Rate	▲	▼
36,589 YTD Net Absorption, SF	▲	▲
$50.96 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
704K Palm Beach County Employment	▲	▲
3.5% Palm Beach County Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMY

Palm Beach County's unemployment rate was 3.5% at quarter end, up 20 basis points (bps) from the previous year, and the highest among South Florida's three counties. Despite the year-over-year (YOY) increase, Palm Beach unemployment remained 60 bps tighter than the national rate.

SUPPLY

Overall vacancy in Palm Beach County stood at 13.6% at the end of the quarter, reflecting a 170 bps increase YOY. Following the influx of new supply from construction completions last quarter, the absorption of both 300 Banyan and One Flagler in Q1 helped reduce vacancy by 20 bps quarter-over-quarter (QOQ). The Central Business District (CBD), home to the county's newest developments, experienced a significant drop in vacancy, falling 160 bps QOQ and finishing Q1 at 16.5%. On the other hand, suburban vacancy rose by 90 bps YOY, reaching 13.1%, the highest level since Q2 2021. Boca Raton recorded the largest 12 month increase among the non-CBD major submarkets, with vacancy up 160 bps to 16.8%. At quarter end, 266,549 square feet (sf) of office space was under construction, with One West Palm and Sundy Village expected to be completed later in the year.

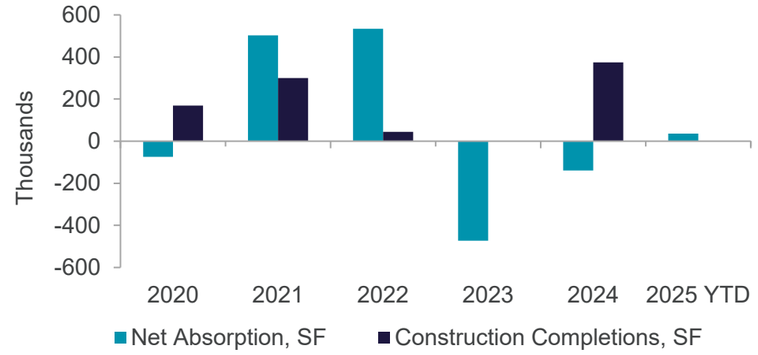
DEMAND

Palm Beach County's new leasing activity totaled 213,007 sf, down 24.0% from the previous year, marking the lowest total of the post-pandemic era. Still, overall absorption for the first quarter remained positive at 36,589 sf, with the CBD contributing 63,157 sf of net occupancy gains, helping offset move-outs in suburban submarkets. The continued absorption of the market's newest product pushed demand to outpace supply for Q1. Notable tenants like DyCom Industries and A&M Capital took up a combined 50,589 sf at 300 Banyan, while HighPost Capital and Johnson Family occupied 19,225 sf at One Flagler. With over 150,000 sf of leases still pending occupancy at One Flagler, positive net absorption is expected to persist in the near term.

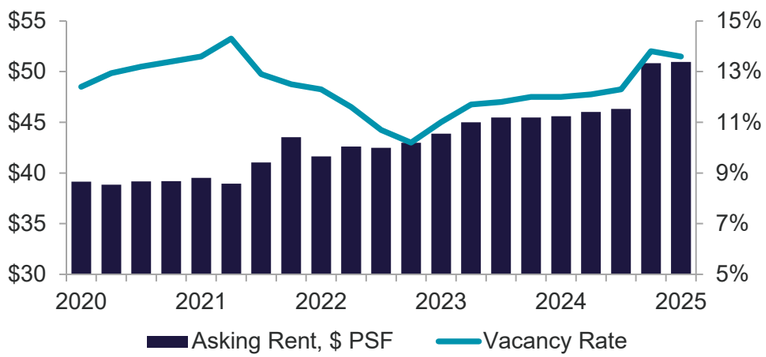
PRICING

The overall average asking rate in Palm Beach totaled $50.96 per square foot (psf), up 11.8% YOY. Downtown asking rents rose 36.7% YOY to $84.15 psf, with Class A product increasing 39.8% to $105.70 psf. Suburban asking rents rose 3.7% to $44.71 psf, with Downtown Boca Raton recording the largest YOY increase, up 17.5% to $55.90 psf. The addition of new office space in the WPB CBD submarket should continue to push overall asking rents upward over the next year depending on lease-up of higher-end space and availability increases in lower-cost Class B buildings.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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OFFICE Q1 2025

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**	**620,114**	**33,326**	**16.5%**	**63,157**	**63,157**	**22,664**	**210,000**	**$84.15**	**$105.70**
SUBRUBAN PALM BEACH	**19,711,351**	**2,383,767**	**189,484**	**13.1%**	**-26,568**	**-26,568**	**190,343**	**56,549**	**$44.71**	**$50.46**
SUBURBAN WPB	**3,311,514**	**358,633**	**1,609**	**10.9%**	**-8,706**	**-8,706**	**33,325**	**0**	**$40.17**	**$40.12**
Suburban West Palm Beach	2,726,510	349,379	1,609	12.9%	-10,036	-10,036	27,975	0	$39.28	$40.12
Palm Beach	585,004	9,254	0	1.6%	1,330	1,330	5,350	0	$114.50	N/A
NORTH PALM BEACH	**3,461,631**	**240,136**	**1,753**	**7.0%**	**-568**	**-568**	**57,145**	**0**	**$44.39**	**$57.31**
Palm Beach Gardens	2,655,910	214,903	1,753	8.2%	-7,767	-7,767	49,473	0	$45.08	$57.31
Jupiter/Tequesta/Juno	805,721	25,233	0	3.1%	7,199	7,199	7,672	0	$38.63	N/A
SOUTH PALM BEACH	**1,734,601**	**84,904**	**0**	**4.9%**	**1,126**	**1,126**	**17,540**	**56,549**	**$39.34**	**$80.30**
Lake Worth	432,117	12,340	0	2.9%	1,577	1,577	6,718	0	$30.86	$33.00
Boynton Beach	441,889	8,950	0	2.0%	-1,568	-1,568	6,267	0	$26.93	N/A
Delray beach	860,595	63,614	0	7.4%	1,117	1,117	4,555	56,549	$41.76	$89.00
BOCA RATON	11,203,605	1,700,094	186,122	16.8%	-18,420	-18,420	82,333	0	$45.97	$50.88
Glades Road	2,818,864	317,158	67,271	13.6%	-18,757	-18,757	41,914	0	$58.30	$60.88
Federal Highway Corridor	1,212,142	159,048	0	13.1%	-5,462	-5,462	1,154	0	$42.75	$42.69
Northwest Boca Raton	5,785,544	1,103,813	96,372	20.7%	1,570	1,570	27,927	0	$41.03	$44.42
Southwest Boca Raton	364,122	8,742	0	2.4%	1,050	1,050	1,050	0	$37.42	N/A
Downtown Boca Raton	1,022,933	111,333	22,479	13.1%	3,179	3,179	10,288	0	$55.90	$56.32
PALM BEACH TOTALS	23,666,117	3,003,881	222,810	13.6%	36,589	36,589	213,007	266,549	$50.96	$60.40

**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	1,498,910	118,729	15.2%	2,588	2,588	101,208	266,549	$60.76	$60.40
Class B	13,041,768	1,504,971	104,081	12.3%	34,001	34,001	111,799	0	$41.93	$41.85

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5355 Town Center Road	Glades Road	Rockefeller Capital Management	14,565	New
11641 Kew Gardens Avenue	Palm Beach Gardens/North Palm Beach	Vaughan McLean & Partners, LLC	13,262	New
150 E Palmetto Park Rd	Downtown Boca Raton	Zen Offices	12,171	Renewal*

KEY SALE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
6601 Park of Commerce Blvd	Northwest Boca Raton	PEBB Enterprises | 6601 Park of Commerce Holdings, LLP	70,406	$14.0M | $199
6800 Broken Sound Pkwy	Northwest Boca Raton	Marc Bell Capital Partners, LLC. | AE Industrial Partners, LP	50,809	$11.0M | $217
950 Peninsula Corporate Circle	Northwest Boca Raton	Butters Realty & Management | Bark Management	47,200	$15.3M | $324

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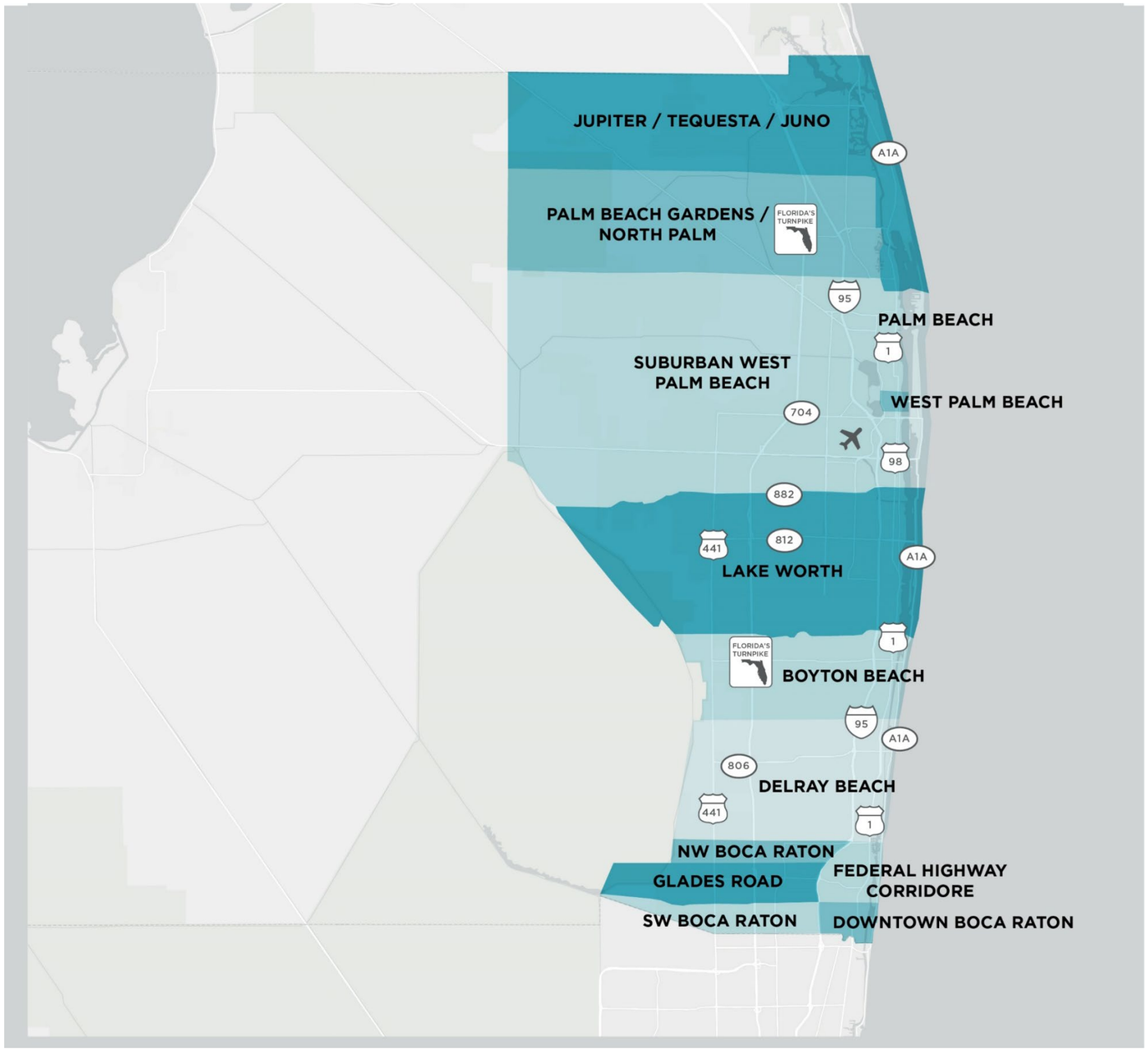
OFFICE SUBMARKETS



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