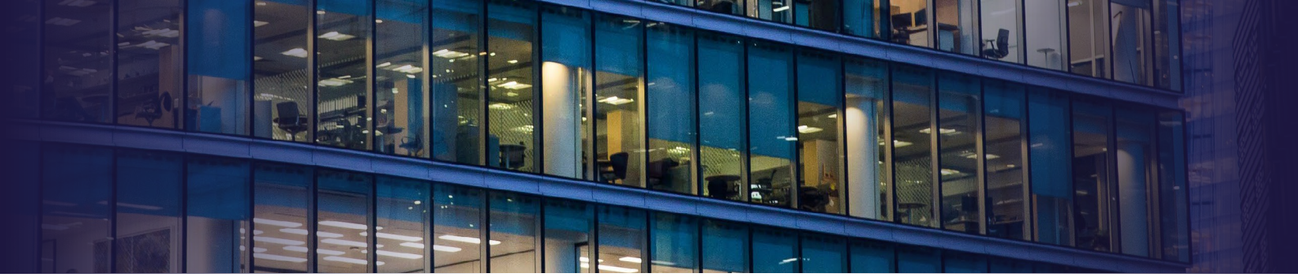
MARKETBEAT

PALM BEACH

OFFICE Q2 2025



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
13.5% Vacancy Rate	▲	▼
76K YTD Net Absorption, SF	▲	▲
$51.08 Asking Rent, PSF	▲	▼

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
710K Palm Beach County Employment	▲	▲
3.7% Palm Beach County Unemployment Rate	▲	▲
4.2% U.S. Unemployment Rate	▲	▲

Source:BLS

SUPPLY

Palm Beach County's overall vacancy rate was 13.5% in Q2, up 160 basis points (bps) year-over-year (YOY), but down 10 bps from the previous quarter. Vacancy improved in consecutive quarters from the continued occupancies at the heavily- leased One Flagler and 300 Banyan projects. The recent construction deliveries pushed Central Business District (CBD) vacancy up 530 bps YOY to 15.4%, but it has already dwindled 220 bps since Q4 2024. The increase across the suburbs was less significant, ticking up 90 bps YOY to 13.2%. Northwest Boca Raton had the highest vacancy in the market at 21.6%, while the Federal Highway Corridor submarket recorded the largest annual increase in the suburbs, up 370 bps to 12.6%. Nearly 1.3 million square feet (msf) of projects were under construction across Palm Beach, with 10 and 15 CityPlace adding to the CBD's development pipeline. One West Palm and Sundy Village are expected to complete in the second half of the year, contributing 266,549 sf of desirable Class A space to the market.

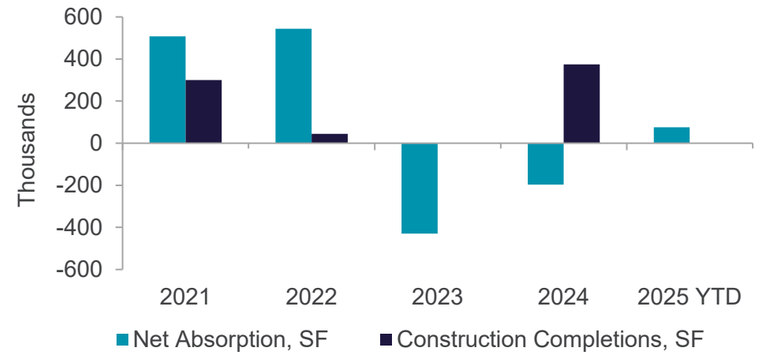
DEMAND

New leasing activity in Palm Beach County increased slightly in Q2 compared to Q1, driving the year-to-date (YTD) total to 538,251 square feet (sf). Meanwhile, 137,591 sf of renewals marked the highest quarterly total since Q4 2019. Net occupancy gains persisted in the second quarter, pushing YTD net absorption to 76,295 sf. BioHaven and Paulson & Company's combined 14,598 sf at One Flagler, and Waterfield's 11,241 sf at 1700 Palm Beach Lakes were the most notable tenant occupancies in Q2. With over 150,000 sf of leased space still to absorb at One Flagler and strong preleasing at Sundy Village, absorption is expected to continue trending upwards through the second half of 2025.

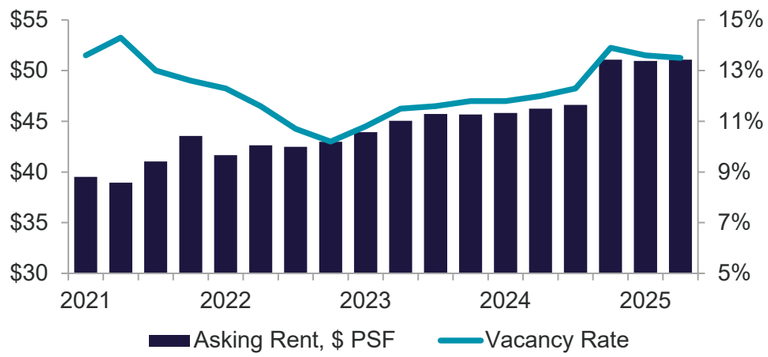
PRICING

The overall average asking rate in Q2 was $51.08 per square foot (psf), up 10.5% YOY. CBD average asking rents rose 35.3% YOY to $80.93 psf, while Class A space jumped $33.0% to $100.51 Despite the strong annual growth, the lease-up of high-priced trophy space—primarily at One Flagler and 300 Banyan—are causing a short-term decrease in Downtown's average rent. However, the expected influx of supply and overall trajectory of the market will have rents trending upwards once again into 2026.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



PALM BEACH
OFFICE Q2 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**	**568,806**	**40,079**	**15.4%**	**29,056**	**88,490**	**75,925**	**1,241,450**	**$80.93**	**$100.51**
SUBURBAN PALM BEACH	**19,711,351**	**2,404,938**	**189,035**	**13.2%**	**-14,883**	**-12,195**	**462,326**	**56,549**	**$45.79**	**$51.64**
SUBURBAN WPB	**3,311,514**	**338,789**	**15,895**	**10.7%**	**36,369**	**20,996**	**78,337**	**0**	**$40.21**	**$39.73**
Suburban West Palm Beach	2,726,510	329,535	15,895	12.7%	36,369	19,666	72,598	0	$39.53	$39.73
Palm Beach	585,004	9,254	0	1.6%	0	1,330	5,739	0	$94.50	N/A
NORTH PALM BEACH	**3,461,631**	**244,636**	**1,472**	**7.1%**	**-11,395**	**-8,963**	**128,730**	**0**	**$44.13**	**$59.70**
Palm Beach Gardens	2,655,910	222,300	1,472	8.4%	-11,292	-19,059	96,899	0	$44.55	$59.70
Jupiter/Tequesta/Juno	805,721	22,336	0	2.8%	-103	10,096	31,831	0	$40.47	N/A
SOUTH PALM BEACH	**1,734,601**	**74,502**	**0**	**4.3%**	**-15,161**	**-12,397**	**46,876**	**56,549**	**$40.27**	**$76.14**
Lake Worth	432,117	10,712	0	2.5%	6,941	6,718	8,518	0	$33.12	$33.00
Boynton Beach	441,889	7,462	0	1.7%	1,488	-80	6,267	0	$27.09	N/A
Delray beach	860,595	56,328	0	6.5%	-23,590	-19,035	32,091	56,549	$43.38	$89.00
BOCA RATON	**11,203,605**	**1,747,011**	**171,668**	**17.1%**	**-24,696**	**-11,831**	**208,383**	**0**	**$47.35**	**$52.24**
Glades Road	2,818,864	343,240	68,760	14.6%	-13,451	-33,876	88,491	0	$59.35	$62.25
Federal Highway Corridor	1,212,142	152,384	0	12.6%	6,797	1,202	16,294	0	$45.16	$44.69
Northwest Boca Raton	5,785,544	1,148,815	102,908	21.6%	-29,971	-6,823	69,138	0	$42.60	$46.23
Southwest Boca Raton	364,122	8,742	0	2.4%	0	1,050	13,277	0	$42.21	N/A
Downtown Boca Raton	1,022,933	93,830	0	9.2%	11,929	26,616	21,183	0	$57.43	$58.21
PALM BEACH TOTALS	**23,666,117**	**2,973,744**	**229,114**	**13.5%**	**14,173**	**76,295**	**538,251**	**1,297,999**	**$51.08**	**$59.51**

**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)	DIRECT AVG ASKING RENT (ALL CLASSES)**	OVERALL AVG ASKING RENT (CLASS A)**
Class A	10,624,349	1,481,260	125,348	15.1%	24,073	41,429	247,127	1,297,999	$59.72	$59.51
Class B	13,041,768	1,492,484	103,766	12.2%	-9,900	34,866	291,124	0	$43.01	$42.92

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5002 T Rex Ave	Northwest Boca Raton	Everglades University	52,582	Renewal*
1800 N Military Trail	Glades Road	Financial Industry Regulatory Authority	29,101	Renewal*
22 West Atlantic Avenue	Delray Beach	Industrious	25,190	New

KEY SALE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
621 NW 53rd St	Northwest Boca Raton	Canpro Investments Ltd | Lexington Park Real Estate Capital Inc	237,331	$20.6M | $87
250 S Australian Ave	West Palm Beach CBD	Tricera Capital | Bradford Allen Realty Services	221,079	$45.0M | $204
205 Datura Street	West Palm Beach CBD	Morning Calm Management | Coco Group	71,694	$45.7M | $637

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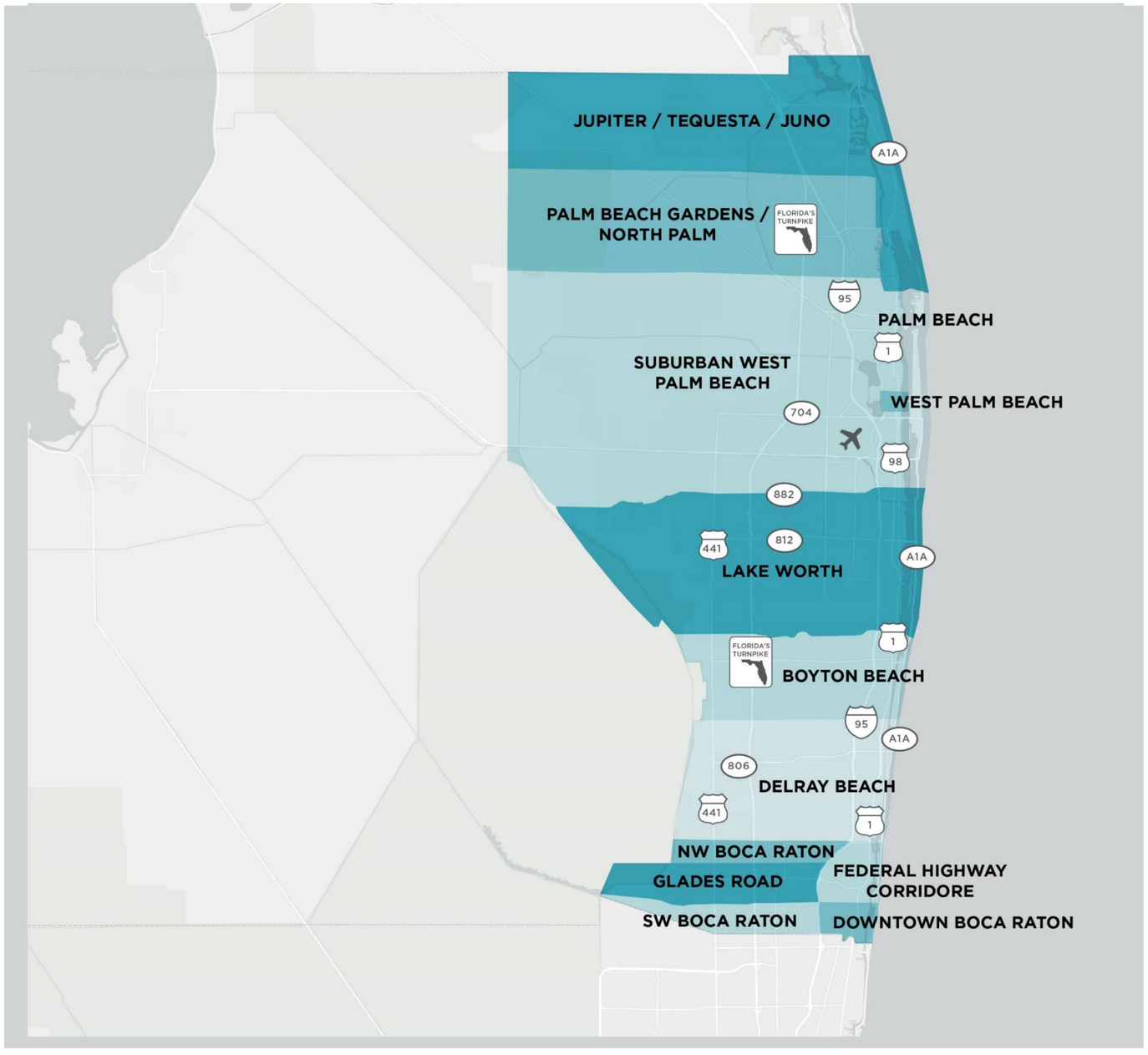
OFFICE SUBMARKETS



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