MARKETBEAT

PALM BEACH

RETAIL Q2 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
$90,600 Median HH Income	▲	▲
2.0% Population Growth	▲	▲
3.7% Unemployment Rate	▲	▲

Source: BLS

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.4% GDP Growth	▼	▲
2.4% Consumer Spending Growth	▼	▲
2.0% Retail Sales Growth	▼	–

Source: BEA, Census Bureau

SUPPLY & DEMAND

Palm Beach County remained a tight retail market at midyear, with an overall vacancy rate of 4.0%, sitting 30 basis points (bps) below the national average. While vacancy rose 60 bps year-over-year (YOY), it remained in line with the 10-year historical average. At the same time, an availability rate of just 4.7% underscores the ongoing shortage of quality retail space across the county.

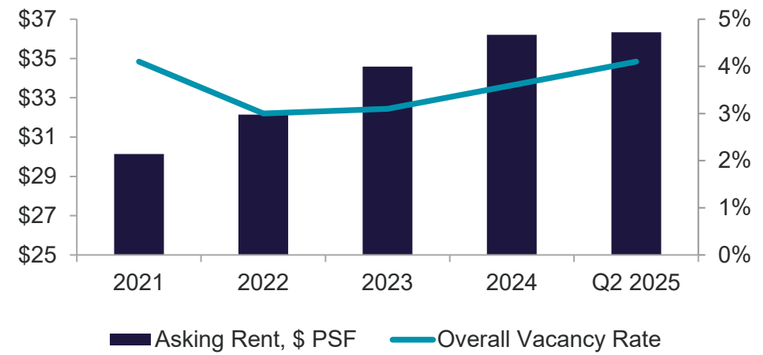
Construction activity remained limited in 2025, with just over 140,000 square feet (sf) of new projects breaking ground this year. The slowdown has contributed to a muted development pipeline, with nearly 353,000 sf under construction. The northern half of the county continued to lead all new developments, accounting for 95.0% of upcoming inventory. This concentration reflects both the migration of companies and high-income residents driving office and multifamily growth in and around the Central Business District, and the scarcity of developable land in the county's southern half.

Leasing activity gained momentum in the first half of 2025, totaling over 1.0 million square feet (msf), a 29.2% increase compared to the same period last year. However, a wave of vacancies led to net occupancy losses of 276,871 sf, marking the first instance of consecutive quarters with negative absorption since 2020. This recent trend, combined with a limited pipeline of new supply, suggests that absorption could remain modest through the second half of the year. Notable transactions in 2025 included Beauty Master's 47,209-sf lease in the West Palm Beach submarket and HomeSense's 30,000-sf lease in Royal Palm Beach/Wellington.

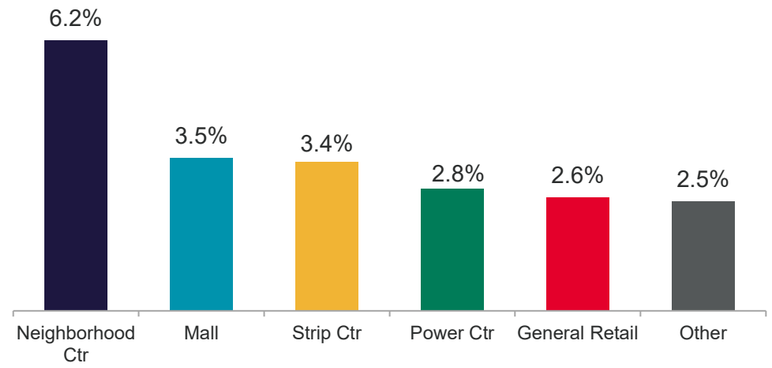
PRICING

The overall average asking rent in Palm Beach County reached $36.34 per square foot (psf) at the end of Q2, marking a 2.1% YOY increase and the second-highest retail rent in the state. Rent growth was relatively consistent across product types, with power centers leading the way at a 2.5%. The Palm Beach submarket posted the highest rents by a wide margin, reaching $84.05 psf at quarter end. While the lack of top-tier space and a limited development pipeline may moderate future rent growth, tight availability and steady consumer demand are expected to continue supporting landlord pricing power through the remainder of the year.

OVERALL VACANCY & ASKING RENT



OVERALL VACANCY BY PRODUCT TYPE



Source: CoStar

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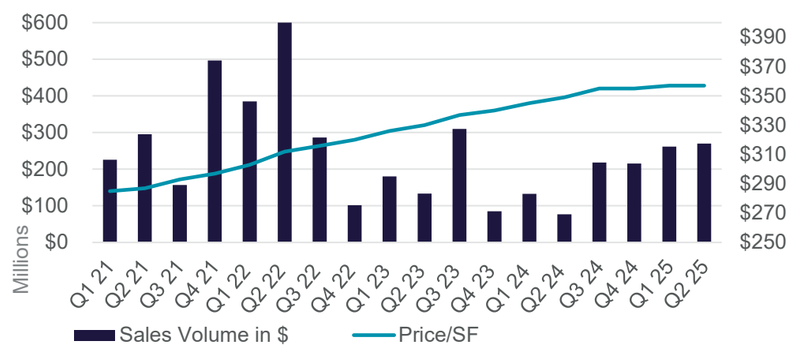
INVESTMENT SALES

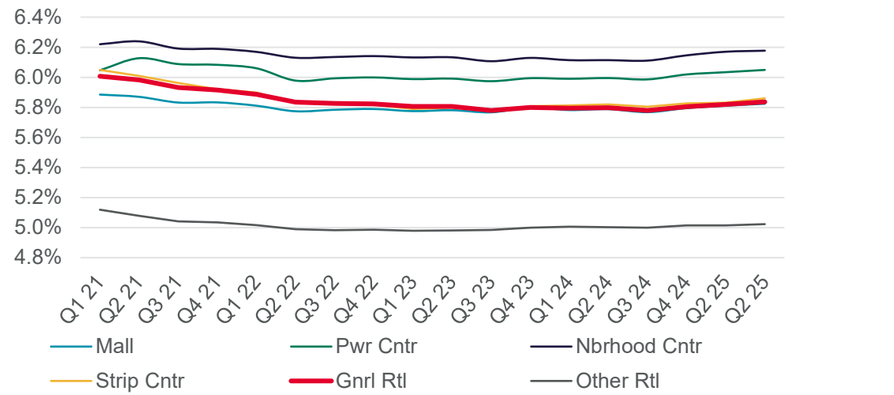
Retail investment sales continued to strengthen, with transaction volume over the past 12 months totaling more than $965 million, the highest rolling annual total since the 10-year peak of $1.4 billion in 2022. Year-to-date sales in 2025 reached $532 million by midyear, led by significant activity in the West Palm Beach submarket. The largest deal of the year was the sale of The Marketplace at the Outlets, a fully-leased power center located just two miles from Downtown West Palm Beach, which traded for $133 million, or $439 psf.

Cap rates in Palm Beach County averaged 6.0% at the end of Q2, reflecting steady investor sentiment amid ongoing economic uncertainty. Despite this broader trend, Palm Beach remains a highly attractive retail investment market, buoyed by an influx of wealth that continues to fuel consumer spending and rent growth. Combined with limited available space and a muted development pipeline, these factors are expected to sustain strong investor demand through the remainder of the year, albeit at a more normalized pace compared to the elevated activity of 2021 and 2022.

SALES VOLUME AND MARKET PRICE/SF



CAP RATES BY PROPERTY TYPE



KEY SALES TRANSACTIONS 2025 YTD

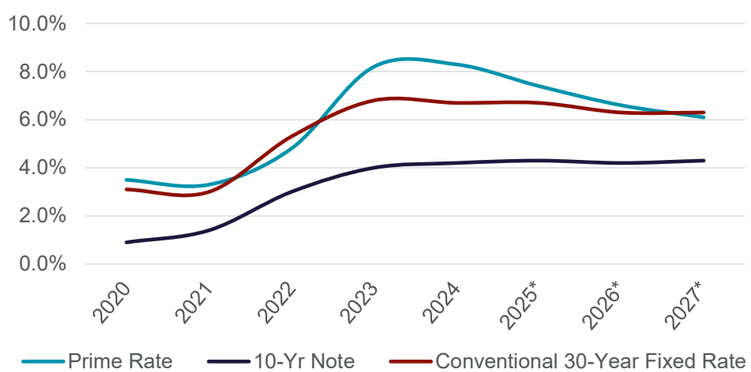
PROPERTY	ADDRESS	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
Marketplace at the Outlets	1831-1875 Palm Beach Lakes Blvd	West Palm Beach	Starwood Real Estate Income Trust / Invesco Real Estate	303,776	$133.3M / $439
Village Commons	701-971 Village Blvd	West Palm Beach	Jamestown LP / Kite Realty Group Trust	170,976	$68.4M / $400
Pinewood Square	6250-6350 Lantana Rd	Boynton/Lantana	Principal Real Estate Investors / Acadia Realty Trust	204,000	$68M / $333
Nissan Dealerships	5353 Lake Worth Rd	West Palm Beach	Automotive Management Services / Krause Family Properties	78,800	$30.5M / $387
Delray Corner	14802-14860 S Military Trl	Delray Beach	Berta Management of Florida Corp / O'Connor Capital Partners	77,131	$28.8M / $373

KEY LEASE TRANSACTIONS 2025 YTD

PROPERTY	ADDRESS	SUBMARKET	TENANT	SF	TYPE
Cross County Plaza	4346-4370 Okeechobee Blvd	West Palm Beach	Beauty Master	47,209	New
Shoppes at Isla Verde	420 S State Rd 7	Royal Palm Bch/Wellington	Home Sense	30,000	New
Okee Square	2021-2031 Okeechobee Blvd	West Palm Beach	DUS	26,500	New
Coral Sky Plaza	500-558 N State Rd 7	Royal Palm Bch/Wellington	Boot Barn	13,400	New
Shoppes at Cresthaven	2601-2675 S Military Trl	West Palm Beach	Citi Trends	12,893	Renewal*

Source: CoStar **Renewals not included in leasing statistics*

INTEREST RATES



**Forecasted Data*

Source: CoStar, Moody's Analytics

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	OVERALL AVG ASKING RENT*	YOY RENT GROWTH %	UNDER CNSTR (SF)	12-MONTH ROLLING ABSORPTION (SF)
Boca Raton East	4,003,004	216,055	5.4%	$43.36	2.8%	0	18,166
Boca Raton North	653,552	6,425	1.0%	$53.05	2.5%	0	-3,228
Boca Raton West	5,881,965	126,844	2.2%	$46.15	2.5%	0	-29,967
Boynton/Lantana	10,293,438	274,553	2.7%	$36.16	2.3%	17,880	113,525
Delray Beach	8,332,783	367,817	4.4%	$43.60	2.4%	0	-34,154
Jupiter	4,738,249	159,880	3.4%	$37.00	2.6%	2,000	-2,760
North Palm Beach	11,437,154	486,970	4.3%	$35.16	2.0%	45,636	-133,830
Palm Bch Cty Outlying	4,738,249	212,055	4.5%	$28.63	1.8%	201,890	-57,006
Palm Beach	1,143,715	20,063	1.8%	$84.05	1.2%	0	13,573
Palm Springs/Lake Worth	2,695,901	71,347	2.6%	$30.84	1.3%	0	-23,722
Royal Palm Bch/Wellington	8,496,171	507,779	6.0%	$33.09	2.3%	62,691	-31,384
West Palm Beach	17,074,037	835,945	4.9%	$28.84	1.5%	18,000	-22,432
West Palm Beach CBD	2,205,737	61,563	2.8%	$42.08	2.1%	4,626	10,057
MARKET TOTALS	**81,693,955**	**3,347,296**	**4.1%**	**$36.34**	**2.1%**	**352,723**	**-183,162**

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	9,165,625	318,548	3.5%	$40.48	2.3%	0	30,630
Power Center	3,440,399	95,174	2.8%	$40.33	2.5%	0	30,890
Neighborhood Center	30,098,529	1,877,319	6.2%	$34.66	2.2%	106,800	-344,849
Strip Center	5,298,597	180,693	3.4%	$33.53	1.9%	134,341	40,431
General Retail	32,706,062	851,237	2.6%	$36.61	1.9%	111,582	-19,937
Other	984,743	24,325	2.5%	$42.41	2.3%	0	-14,036
MARKET TOTALS	**81,693,955**	**3,347,296**	**4.1%**	**$36.34**	**2.1%**	**352,723**	**-276,871**

Source: CoStar **Rental rates reflect triple net asking*

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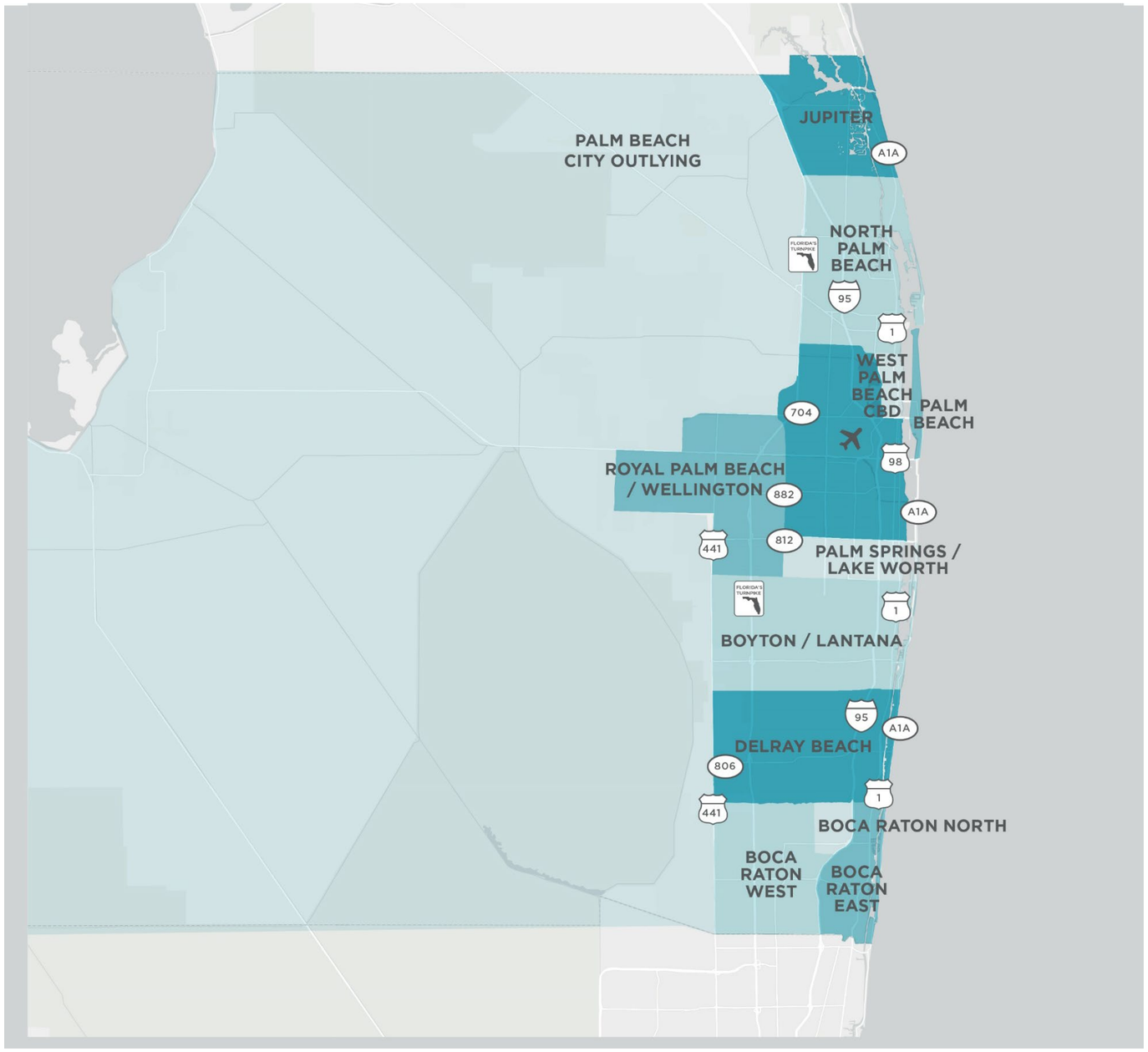
RETAIL SUBMARKETS



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