

Palm Beach County

Office Q1 2020

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U.S. ECONOMIC UPDATE

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

RECORD-SETTING LAYOFFS, DECLINING EMPLOYMENT

Over the last two weeks (ending on March 28th), a cumulative 10 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It's all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2. As of this writing (4-7-2020), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield's [COVID-19 resource page](#).

TRENDS AND INSIGHTS

Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**. [Click to Replay](#)

COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

Lessons From Landlords In China's Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region's key Grade A office markets over the next two years that we hope will help refine your organization's CRE strategy. [Click for Article](#)

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WEEKLY COVID-19 UPDATES

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MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL 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	3,209,572	35,608	399,871	13.6%	34,906	34,906	61,286	497,095	\$49.18	\$59.93
Suburban Palm Beach	20,439,341	124,287	2,764,252	14.1%	36,640	36,640	243,549	254,971	\$35.95	\$43.98
SUBURBAN WPB	3,581,139	17,067	552,937	15.9%	8,907	8,907	50,319	0	\$36.44	\$46.08
West Palm Beach	2,933,137	17,067	443,702	15.7%	7,001	7,001	39,090	0	\$48.88	\$31.78
Palm Beach	648,002	0	109,235	16.9%	1,906	1,906	11,229	0	\$48.88	\$66.95
NORTH PALM BEACH	3,451,888	6,676	453,888	13.3%	64,451	64,451	52,274	171,971	\$36.44	\$46.08
Palm Beach Garden/N. Palm Beach	2,729,640	5,430	406,562	15.1%	64,451	64,451	52,274	171,971	\$48.88	\$46.14
Jupiter/Tequesta/Juno	722,248	1,246	47,326	6.7%	0	0	0	0	\$48.88	\$44.75
SOUTH PALM BEACH	1,905,894	25,247	283,153	16.2%	-14,722	-14,722	20,981	83,000	\$30.93	\$46.66
Lake Worth	538,017	11,928	73,582	15.9%	746	746	5,827	0	\$48.88	\$36.75
Boynton Beach	524,120	9,218	103,395	21.5%	-4,663	-4,663	8,272	0	\$48.88	\$37.50
Delray Beach	843,757	4,101	106,176	13.1%	-10,805	-10,805	6,882	83,000	\$48.88	\$53.53
BOCA RATON	11,500,420	75,297	1,474,274	13.5%	-21,996	-21,996	119,975	0	\$37.06	\$42.09
Glades Road	2,940,002	23,438	289,111	10.6%	-7,247	-7,247	41,104	0	\$48.88	\$48.81
Federal Highway Corridor	1,129,928	11,134	133,094	12.8%	-18,412	-18,412	2,957	0	\$48.88	\$36.10
Northwest Boca Raton	5,744,772	31,906	809,830	14.7%	15,771	15,771	57,414	0	\$48.88	\$36.26
Southwest Boca Raton	486,170	0	34,697	7.1%	2,370	2,370	3,470	0	\$48.88	\$29.39
Downtown Boca Raton	1,199,548	8,819	207,542	18.0%	-14,478	-14,478	15,030	0	\$48.88	\$42.33
PALM BEACH TOTALS	23,648,913	159,895	3,164,123	14.1%	71,546	71,546	304,835	752,066	\$37.82	\$46.84

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
360 Rosemary Avenue	CBD	Spaces	25,790	Direct
5300 Broken Sound Boulevard	Boca Raton	Misfits Gaming	18,200	Direct
1475 Centrepark Boulevard	Suburban West Palm Beach	Pulte Home Company, LLC	17,181	Direct

KEY SALES TRANSACTIONS Q1 2020

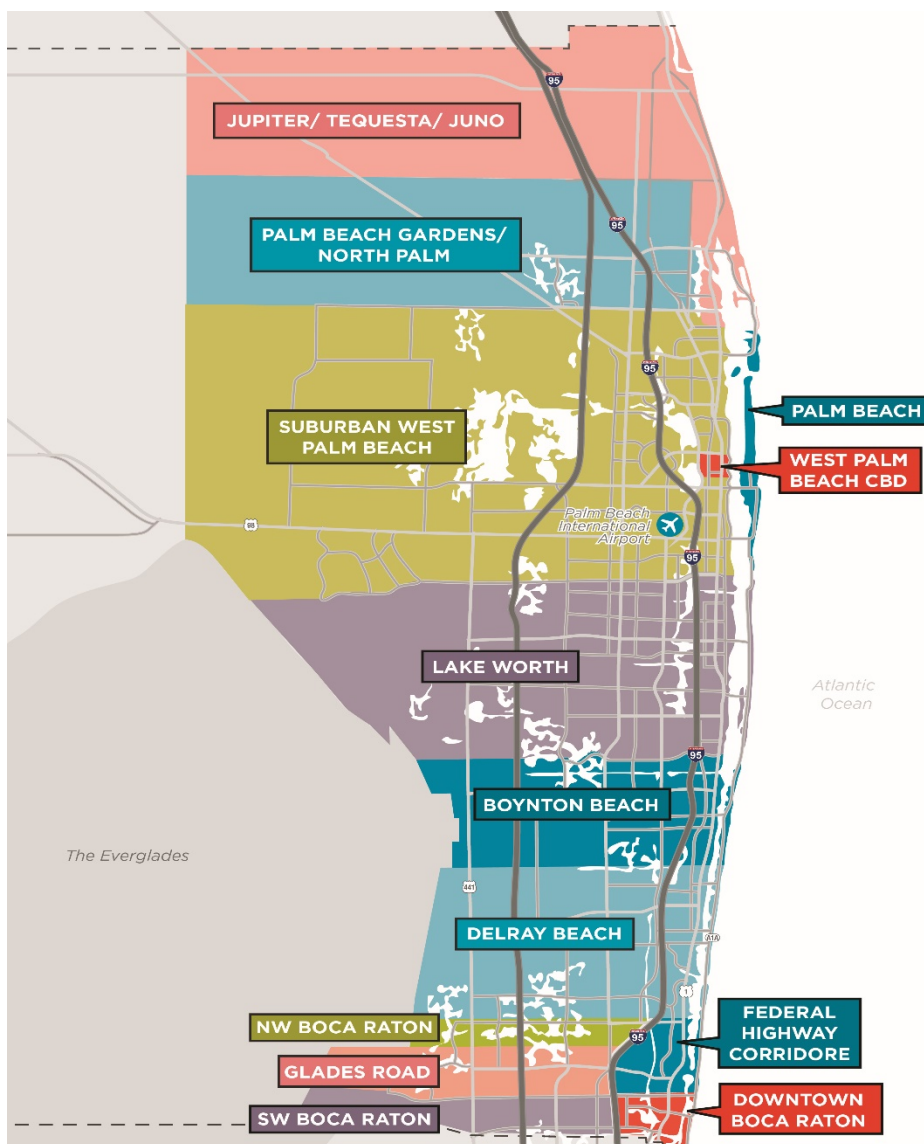
PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
3401 PGA Boulevard	North Palm Beach	Garden Medical Pavillion/CPI/AHP Garden Medical	73,375	\$24.3M/\$322

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OFFICE SUBMARKETS

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RESEARCH PUBLICATION**

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