

YoY Chg

13.7%
Vacancy Rate



187k
YTD Net Absorption, SF



\$37.66
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2020

YoY Chg

569k
Palm Beach County Employment



14.1%
Palm Beach County Unemployment Rate



13.0%
U.S. Unemployment Rate



Source: BLS

*Numbers above are monthly figures, FL Dept. Economic OPP.

ECONOMY

Palm Beach County, part of the South Florida region, had an unemployment rate of 14.1% in May 2020, down 10 basis points (bps) from the previous month but up 1,100 bps higher than one year ago. Nonagricultural employment was 569,900, a decrease of 71,300 jobs, or 11.1%, over the year. Every major employment sector forfeited jobs. Over 40% were lost in the Leisure & Hospitality sector, at 45,500 jobs gone. Professional & Business Services lost 12,100 jobs each.

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

SUPPLY

Overall vacancy ended the second quarter at 13.7%, an increase of 50 bps over the previous 12 months. Class A vacancy rose by 30 bps year-over-year (YOY) to 13.2% and Class B vacancy remained the same at 14.4%. Suburban submarkets were slightly more stable than the CBD, falling only 20 bps in the suburbs compared to rising 50 bps in the CBD. Palm Beach County had over one million square feet (msf) under construction at the mid-year point with 81% in the West Palm Beach CBD. Current preleasing activity represents 286,000 square feet (sf), or 27%. There was one delivery in the second quarter totaling 60,000 square feet (sf) in the Palm Beach Gardens submarket, fully occupied by TBC Corporation.

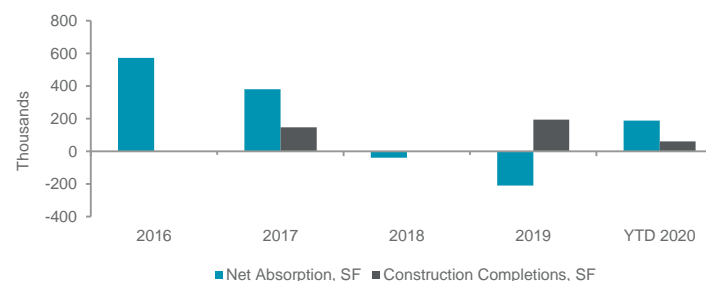
DEMAND

New leasing demand fell by 57.0% compared to the first half of 2019. New lease deals totaled approximately 611,000 sf year-to-date with only 35% of the total activity coming in the second quarter. Most new lease deals were in Class B buildings, 354,000 sf compared to only 234,000 sf in Class A assets. Suburban submarkets outperformed the CBD in terms of new leasing activity with 87% of all activity in the county occurring outside of the CBD. The Glades Road submarket had the largest share of leasing activity in the region in the first six months at 106,000 sf.

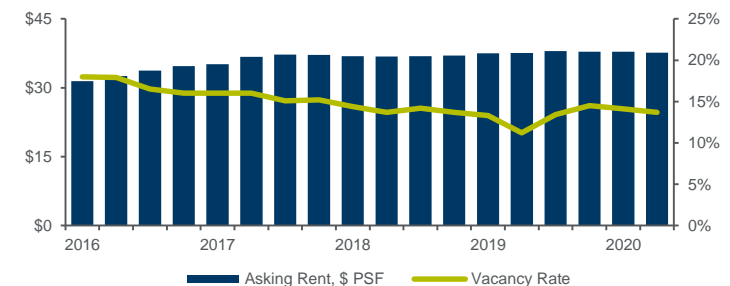
MARKET PRICING

Overall asking rents for office space increased less than 1.0% YOY to \$37.66 per square foot (psf) full service. For Class A assets, rents dropped 2.9% in the last year to \$46.06 psf. Second quarter of 2019 was the cycle high for Class A space in the overall market. In the CBD asking rents increased 1.5% since mid-2019. Suburban submarkets had a smaller increase during the same period, up less than 1.0% to \$35.61 psf. The Downtown Boca Raton submarket recorded an all-time high asking rent in the second quarter of \$42.20 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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	3,210,858	52,132	399,994	14.1%	4,428	39,776	81,275	805,647	\$49.42	\$59.88
Suburban Palm Beach County	20,470,816	126,009	2,674,779	13.7%	159,104	147,571	530,169	254,971	\$35.61	\$42.81
SUBURBAN WPB	3,535,484	10,134	518,202	14.9%	11,257	7,540	100,590	0	\$35.18	\$46.11
West Palm Beach	2,902,228	8,527	417,717	14.7%	11,447	8,431	81,750	0	\$28.77	\$31.98
Palm Beach	633,256	1,607	100,485	16.1%	-190	-891	18,840	0	\$63.95	\$66.67
NORTH PALM BEACH	3,489,888	20,586	442,463	13.3%	59,078	121,815	82,675	171,971	\$34.72	\$41.38
Palm Beach Garden/N. Palm Beach	2,767,640	19,340	406,916	15.4%	50,241	110,295	67,931	171,971	\$35.19	\$41.38
Jupiter/Tequesta/Juno	722,248	1,246	35,547	5.1%	8,837	11,520	14,744	0	\$29.32	N/A
SOUTH PALM BEACH	1,878,055	8,294	274,260	15.0%	-814	-1,944	98,705	83,000	\$30.14	\$44.37
Lake Worth	538,017	3,293	66,250	12.9%	1,160	8,656	25,054	0	\$28.39	\$36.75
Boynton Beach	524,120	0	95,359	18.2%	7,099	3,373	36,640	0	\$24.81	\$37.50
Delray Beach	815,918	5,001	112,651	14.4%	-9,073	-13,973	37,011	83,000	\$35.56	\$53.50
BOCA RATON	11,567,389	86,995	1,439,854	13.2%	89,583	20,160	248,199	0	\$36.92	\$42.01
Glades Road	2,948,341	24,811	360,724	13.1%	5,411	-11,948	106,299	0	\$44.08	\$47.97
Federal Highway Corridor	1,116,748	7,099	116,937	11.1%	-86	-21,615	24,706	0	\$33.70	\$36.46
Northwest Boca Raton	5,816,582	51,412	699,886	12.9%	88,874	84,258	78,108	0	\$32.95	\$35.63
Southwest Boca Raton	486,170	0	53,896	11.1%	540	-2,225	21,136	0	\$31.77	\$32.46
Downtown Boca Raton	1,199,548	3,673	208,411	17.7%	-5,156	-28,310	17,950	0	\$42.20	\$41.48
PALM BEACH TOTALS	23,681,674	178,141	3,074,773	13.7%	163,532	187,347	611,444	1,060,618	\$37.66	\$46.06

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS YTD 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
4800 T Rex Avenue	Northwest Boca Raton	Conduent Patient Access Solutions LLC*	31,046	Renewal
4950 Communication Avenue	Northwest Boca Raton	TMS Help	30,123	Renewal
360 Rosemary Avenue	West Palm Beach CBD	Spaces	25,790	New Lease

*Renewals not included in leasing statistics

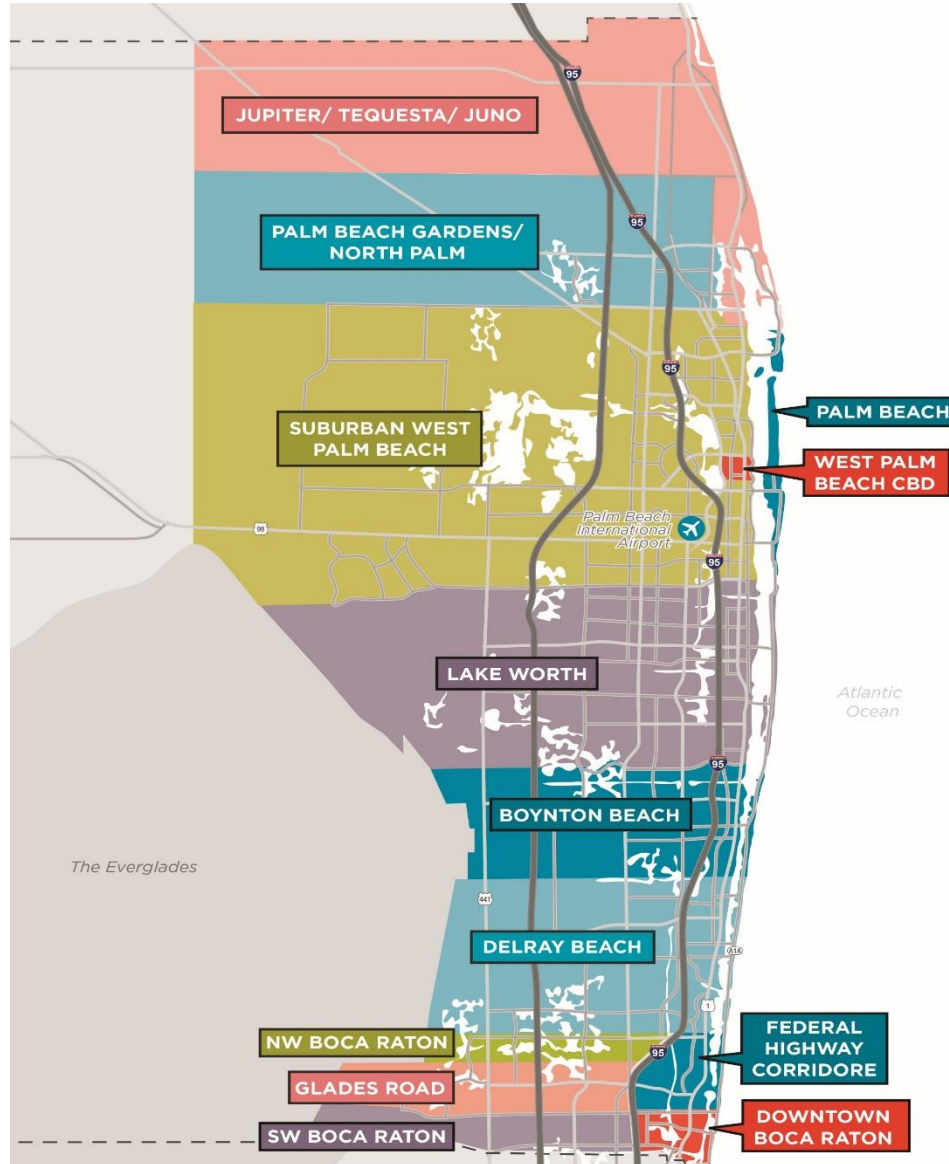
KEY SALES TRANSACTIONS YTD 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
Golden Bear Plaza	Palm Beach Gardens/N. Palm Beach	Alliance Partners HSP LLC / Waterfall Asset Management	249,000	\$49.7M/Portfolio

Palm Beach

Office Q2 2020

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