

YoY  
Chg

14.3%

Vacancy Rate



45k

YTD Net Absorption, SF



\$37.99

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS  
Q3 2020YoY  
Chg

580k

Palm Beach County  
Employment

8.1%

Palm Beach County  
Unemployment Rate

8.8%

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 8.1% in August 2020, down 360 basis points (bps) from the previous month but up 350 bps higher than one year ago. Nonagricultural employment was 580,200, a decrease of 56,000 jobs, or 8.8%, over the year. Every major employment sector lost jobs except for Financial Activities which was zero. The top two sectors to lose jobs were in Leisure & Hospitality sector with 22,000 jobs gone and Professional & Business Services with a decrease of 10,700 jobs. Like other markets in South Florida, office-using employment throughout Palm Beach County continued to be impacted by the overall decrease in economic activity and loss of tourist visitors to the region.

## SUPPLY

Palm Beach county was impacted the least when compared across the tri-county area. Overall vacancy at the end of the third quarter was 14.3%, a 90 bps increase over the year. When compared to the end of 2019, the overall vacancy rate dropped slightly by 20 bps, which was due to a strong first quarter this year. Class A vacancy rose by 290 bps year-over-year (YOY) to 14.6% while class B compressed by 30 bps to 14.5%. The North Palm Beach major market had the highest increase in vacancy with only a 260 bps bump to 13.9%. This upturn was attributed to a 61,000 square feet (sf) new addition to inventory which will be fully occupied in the fourth quarter of 2020. Palm Beach County had over 1 million sf of Class A space under construction with most of the deliveries expected in 2021.

## DEMAND

New leasing demand fell for the second quarter in a row with approximately 213,000 sf of activity. The five-year average of new leases in the third quarter was 404,000 sf, nearly double the current quarter. Despite the lack of leasing across the county, the Suburban West Palm Beach major market had robust leasing, up by 11.4% over the past twelve months with 154,000 sf leased year-to-date (YTD). The major market had an above average first quarter in new leases, a level not reached since 2016. Absorption turned negative in the third quarter by -130,000 sf. The Boca Raton submarket suffered the most move-outs and a lack of move-ins with -79,000 sf, of which nearly 10,000 sf was for sublease.

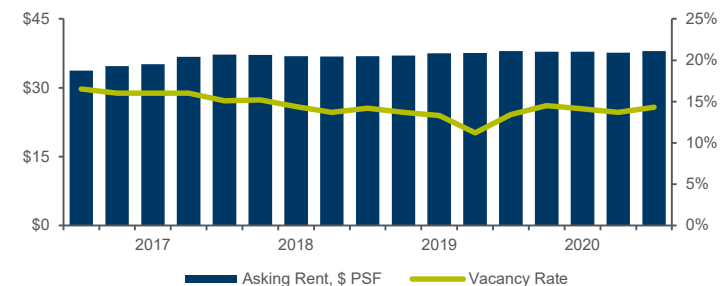
## MARKET PRICING

Overall asking rents remained unchanged over the year with a rate of \$37.99 per square foot (psf) full service. Class A assets did record a drop from its historic highs in 2019 to \$45.98 psf, a 2.8% decrease YOY. Class B asset experienced a slight bump by 0.7% YOY to \$32.90 psf. Due to increases in sublease space asking rents and decreases in direct space asking rents, the CBD and Boca Raton submarkets both flat lined in pricing seeing a 0.0% change YOY.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY &amp; ASKING RENT



# Palm Beach

Office Q3 2020



CUSHMAN &amp; WAKEFIELD

## 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	3,163,951	57,685	448,782	16.0%	-26,630	-6,337	111,481	808,552	\$50.50	\$61.47
Suburban Palm Beach County	20,225,173	125,634	2,720,086	14.1%	-103,883	51,546	754,901	216,415	\$35.64	\$42.00
<b>SUBURBAN WPB</b>	<b>3,500,299</b>	<b>6,584</b>	<b>558,247</b>	<b>16.1%</b>	<b>-28,831</b>	<b>-7,692</b>	<b>154,144</b>	<b>0</b>	<b>\$34.79</b>	<b>\$42.91</b>
West Palm Beach	2,867,043	4,977	447,439	15.8%	-31,142	-5,881	125,164	0	\$28.74	\$32.58
Palm Beach	633,256	1,607	110,808	17.8%	2,311	-1,811	28,980	0	\$63.83	\$66.92
<b>NORTH PALM BEACH</b>	<b>3,489,243</b>	<b>12,861</b>	<b>473,171</b>	<b>13.9%</b>	<b>21,691</b>	<b>81,352</b>	<b>104,116</b>	<b>171,971</b>	<b>\$34.80</b>	<b>\$41.63</b>
Palm Beach Garden/N. Palm Beach	2,722,140	10,615	420,880	15.9%	18,573	66,714	88,463	171,971	\$35.31	\$41.63
Jupiter/Tequesta/Juno	767,103	2,246	52,291	7.1%	3,118	14,638	15,653	0	\$30.79	N/A
<b>SOUTH PALM BEACH</b>	<b>1,744,555</b>	<b>10,235</b>	<b>226,823</b>	<b>13.6%</b>	<b>-17,403</b>	<b>-10,247</b>	<b>130,942</b>	<b>44,444</b>	<b>\$26.26</b>	<b>\$39.29</b>
Lake Worth	404,517	3,000	27,201	7.5%	-9,824	-2,587	27,568	0	\$23.52	N/A
Boynton Beach	524,120	0	96,412	18.4%	-4,281	2,320	45,700	0	\$25.67	\$37.50
Delray Beach	815,918	7,235	103,210	13.5%	-3,298	-9,980	57,674	44,444	\$28.10	\$58.25
<b>BOCA RATON</b>	<b>11,491,076</b>	<b>95,954</b>	<b>1,461,845</b>	<b>13.6%</b>	<b>-79,340</b>	<b>-11,867</b>	<b>365,699</b>	<b>0</b>	<b>\$37.21</b>	<b>\$41.87</b>
Glades Road	2,948,350	24,811	368,523	13.3%	-16,589	-18,911	130,710	0	\$44.72	\$48.50
Federal Highway Corridor	1,116,748	13,684	107,839	10.9%	-5,202	-26,833	47,095	0	\$33.60	\$35.84
Northwest Boca Raton	5,755,308	44,486	704,452	13.0%	-21,649	91,447	127,932	0	\$32.64	\$34.02
Southwest Boca Raton	471,122	0	52,503	11.1%	-4,551	-475	32,133	0	\$31.38	\$27.32
Downtown Boca Raton	1,199,548	12,973	228,528	20.1%	-31,349	-57,095	27,829	0	\$42.80	\$42.21
<b>PALM BEACH TOTALS</b>	<b>23,389,124</b>	<b>183,319</b>	<b>3,168,868</b>	<b>14.3%</b>	<b>-130,513</b>	<b>45,209</b>	<b>866,382</b>	<b>1,024,967</b>	<b>\$37.99</b>	<b>\$45.98</b>

\*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

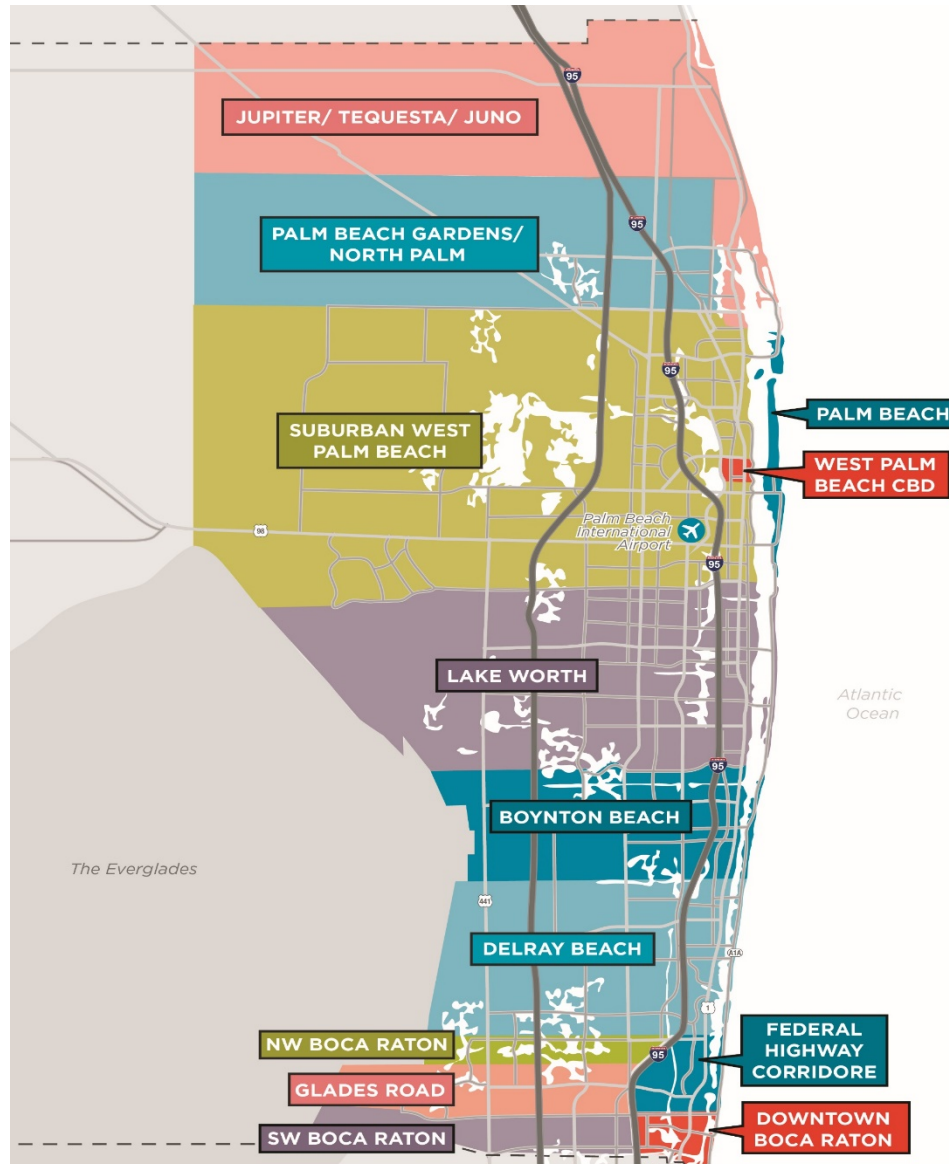


# Palm Beach

Office Q3 2020

CUSHMAN &  
WAKEFIELD

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