



YoY
Chg

12-Mo.
Forecast

10.7%

Vacancy Rate

**410K**

YTD Net Absorption, SF

**\$43.10**

Asking Rent, PSF



(Overall, All Property Classes)

Absorption number is not reflective of U.S. MarketBeat

ECONOMIC INDICATORS Q4 2022

YoY
Chg

12-Mo.
Forecast

682KPalm Beach County
Employment**2.6%**Palm Beach County
Unemployment Rate**3.7%**U.S.
Unemployment Rate

Source: BLS, FL Dept. Economic OPP

ECONOMY

The unemployment rate in Palm Beach County was 2.6% in November 2022, down 50 basis points (bps) from the same period one year ago. Nonagricultural employment increased by 27,600 jobs year-over-year (YOY), bringing total employment to 682,400, a 4.2% increase from the same period in 2021. Out of all Florida counties, Palm Beach had the third fastest annual job growth in the Information sector. However, key office-employment sectors Financial Activities, and Professional and Business Services lost a combined 900 jobs over the year.

SUPPLY

Palm Beach's overall vacancy fell 100 bps from the previous quarter to 10.7%, continuing historically low rates for the market. Class A vacancy dropped below the 10.0% mark for the first time since the Great Recession, while Class B recorded its second consecutive quarter under the 12.0% mark. Record low vacancy in Class A and B assets continued to highlight strong demand and the market's lack of available, quality space. The construction pipeline in the market, and more specifically the Central Business District (CBD), remains healthy, but with no completions slated until late 2023, vacancy is expected to remain at or around record lows.

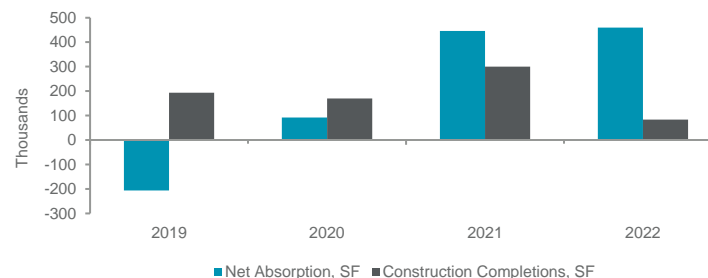
DEMAND

Leasing activity decreased by 16.7% from 2021 deal activity which can be attributed to a lack of available quality office space rather than decreasing demand. Transaction activity in the West Palm Beach CBD fell 27.1% from the previous year, yet overall absorption for the total market remained positive, ending with 409,786 square feet (sf) of net occupancy gains during 2022. The CBD accounted for more than 70.0% of Q4 absorption, with large tenant move-ins at 360 Rosemary, 222 Lakeview, and 3801 PGA Blvd. Comvest occupied its 40,000 sf of space at 360 Rosemary, bringing the building to full occupancy while Industrious opened its 27,000 sf coworking space at 222 Lakeview.

MARKET PRICING

Overall asking rents rose to \$43.10 per square foot (psf) full service, up 3.4% YOY and the sixth straight quarter with market rents over \$41.00 psf. Class A assets saw minimal growth over the past three quarters and should remain relatively stable until new, high-quality space is completed in late 2023. CBD rents stagnated, ending the quarter at \$57.64 psf, a direct result of lower-tier class A space outweighing limited premium space. Non-CBD rents ended the year at \$40.08 psf, eclipsing the \$40.00 psf mark for the first time in market history.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET 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	3,756,079	358,101	68,656	11.4%	73,358	250,833	319,498	585,007	\$57.64	\$68.76
Suburban Palm Beach County	18,908,476	1,769,283	236,436	10.6%	37,611	158,953	1,454,076	0	\$40.08	\$46.70
SUBURBAN WPB	3,235,284	349,334	21,300	11.5%	-3,994	10,401	245,699	0	\$36.20	\$38.53
West Palm Beach	2,650,280	330,314	21,300	13.3%	-2,906	-21,169	184,752	0	\$33.15	\$38.53
Palm Beach	585,004	19,020	0	3.3%	-1,088	31,570	60,947	0	\$87.87	N/A
NORTH PALM BEACH	3,461,631	313,066	6,194	9.2%	44,830	92,915	372,059	0	\$43.82	\$54.70
Palm Beach Garden/N. Palm Beach	2,655,910	290,626	6,194	11.2%	44,612	60,311	312,881	0	\$44.23	\$54.70
Jupiter/Tequesta/Juno	805,721	22,440	0	2.8%	218	32,604	59,178	0	\$36.29	N/A
SOUTH PALM BEACH	1,773,619	73,255	6,016	4.5%	-9,216	85,581	142,729	0	\$26.58	\$35.00
Lake Worth	432,117	8,194	0	1.9%	175	13,771	24,854	0	\$28.34	N/A
Boynton Beach	441,889	22,369	2,221	5.6%	-387	-1,687	33,455	0	\$24.36	\$35.00
Delray Beach	899,613	53,584	3,795	6.4%	-9,004	73,497	84,420	0	\$28.10	N/A
BOCA RATON	10,437,942	1,022,736	202,926	11.7%	5,991	-29,944	693,589	0	\$40.94	\$46.86
Downtown Boca Raton	1,022,933	118,140	42,212	15.7%	4,300	10,631	95,317	0	\$47.74	\$47.15
Federal Highway Corridor	1,212,142	72,384	9,828	6.8%	-13,062	-34,693	47,207	0	\$37.74	\$37.41
Glades Road	2,818,864	273,887	25,538	10.6%	8,868	9,722	249,844	0	\$49.86	\$54.10
Northwest Boca Raton	5,019,881	545,392	125,348	13.4%	-1,162	-11,607	274,065	0	\$36.24	\$37.84
Southwest Boca Raton	364,122	12,933	0	3.6%	7,047	-3,997	27,156	0	\$35.75	\$36.84
PALM BEACH TOTALS	22,664,555	2,127,384	305,092	10.7%	110,969	409,786	1,773,574	585,007	\$43.10	\$50.93

Starting in Q1 2022, office statistics for Miami-Dade, Broward, and Palm Beach counties no longer include Class C assets.

**Not reflective of U.S. MarketBeat Tables

*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 CONSTRUCTION (SF)	DIRECT AVG ASKING RENT	OVERALL AVG ASKING RENT
CLASS A	9,699,017	800,874	87,558	9.2%	114,463	482,535	954,458	585,007	\$51.11	\$50.93
CLASS B	12,965,538	1,315,618	217,534	11.8%	-3,494	-22,839	819,116	0	\$38.87	\$38.33
PALM BEACH TOTALS	22,664,555	2,127,384	305,092	10.7%	110,969	409,786	1,773,574	585,007	\$43.51	\$43.10

KEY LEASE TRANSACTIONS Q4 2022

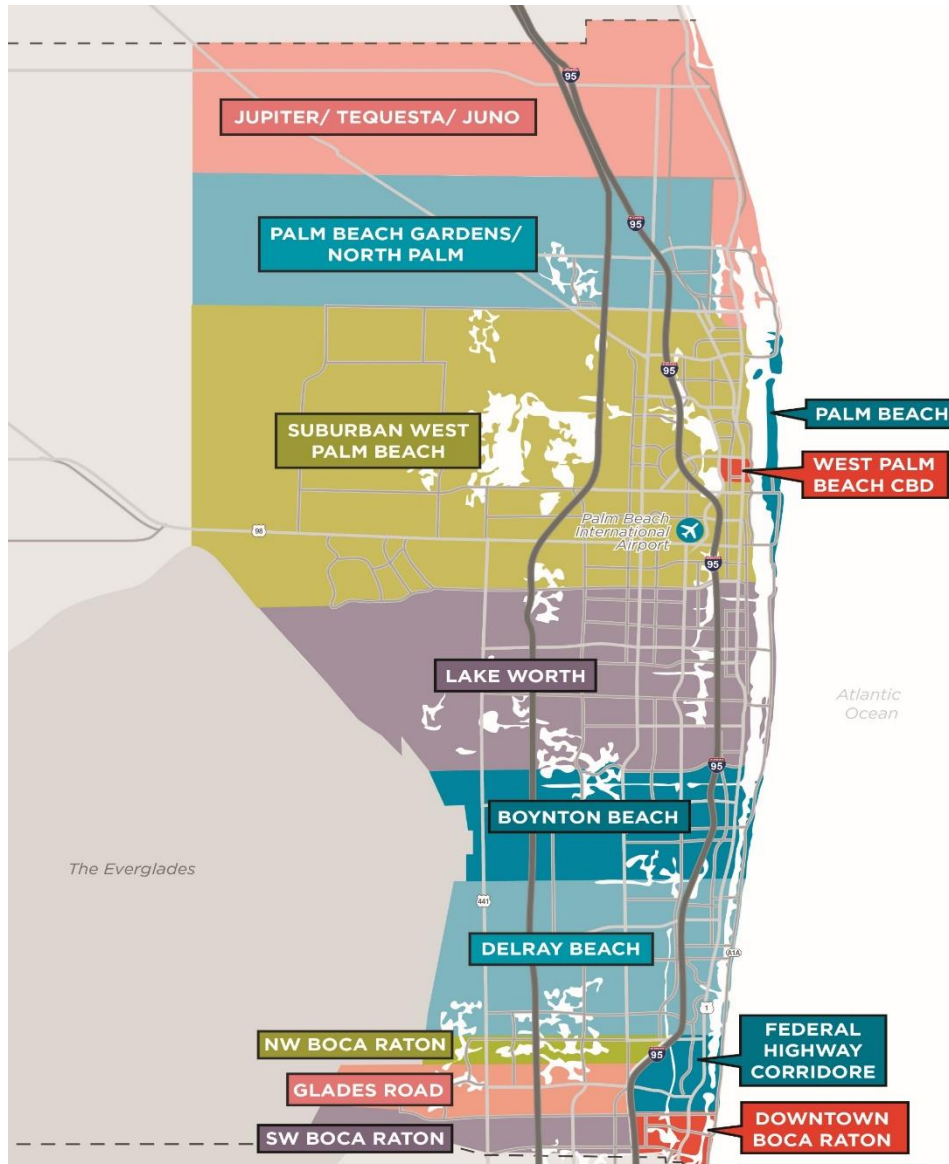
PROPERTY	SUBMARKET	TENANT	RSF	TYPE
First Republic	Glades Road	First Republic	50,293	New Lease
11760 US Highway 1	Palm Beach Gardens/North Palm Beach	Pike Electric	16,872	New Lease
1395 University Blvd	Jupiter/Tequesta/Juno	AUS Allied Universal	13,012	Renewal

Palm Beach

Office Q4 2022

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OFFICE SUBMARKETS

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