



11.4%

Vacancy Rate

YoY
Chg12-Mo.
Forecast

-284K

YTD Net Absorption, SF



\$45.19

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q2 2023

684K

Palm Beach County
EmploymentYoY
Chg12-Mo.
Forecast

2.7%

Palm Beach County
Unemployment Rate

3.6%

U.S.
Unemployment Rate

Source: BLS, FL Dept. Economic OPP

ECONOMY

The unemployment rate in Palm Beach County remained low in May 2023 at 2.7%, on par with rates from a year ago but 90 basis points (bps) below the national average. Nonagricultural employment was 684,300, a 2.3% increase year-over-year (YOY) or 15,500 jobs added. Palm Beach County recorded job growth in most sectors, with manufacturing, government, and financial activities growing faster than any metro area in the state.

SUPPLY

Palm Beach's overall vacancy ended Q2 at 11.4%, up 40 bps from the previous quarter but still down 20 bps from the same time last year. Class B vacancy remained around 11.0%, on par with rates seen in the previous four quarters, while Class A saw a 110-bps increase from the first quarter. The sale and leaseback of the Office Depot building added almost 500,000 sf of Class A inventory to the market, while the leftover space in the building pushed the vacancy up. Though no construction completions occurred in the quarter, expected completions in the latter half of the year will offer new quality Class A space.

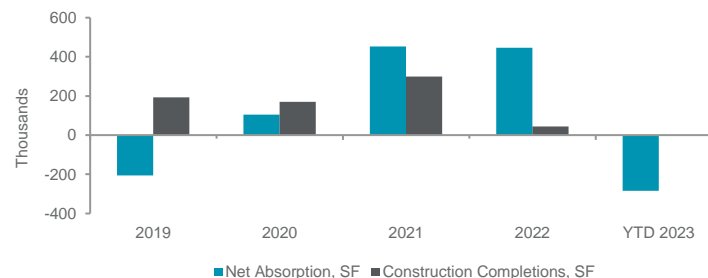
DEMAND

Quarterly leasing activity was 464,776 sf, up compared to the second quarter of the previous year, but year-to-date (YTD) numbers were down 21.7% from a year ago. Palm Beach deal activity rose 47.7% from the previous quarter, much in part to the 285,000-sf leaseback of the Office Depot space. YTD absorption ended the quarter with -284,312 sf of net occupancy losses. Demand would have outweighed supply in the second quarter if not for the excess space vacated in the Office Depot building.

MARKET PRICING

Overall asking rents rose to \$45.19 per square foot (psf) full service, up 5.5% YOY and marking the first time market rates have surpassed \$45.00 psf. Class A assets have remained stable over the past year and should remain relatively constant until new, high-quality space is completed toward year-end. The Central Business District (CBD) overall rental rate was \$60.06 psf at quarter end, the highest rate in six quarters. Class A CBD rates rose to \$73.76 psf, up 10.9% YOY and the highest rate in market history. Suburban rents rose to \$42.15 psf, a historic rate in the market, and the first-time rates were over \$42.00 psf. Despite economic uncertainty headed into the second half of the year, a lack of available high-end space coupled with the development of new Class A supply should push rates to continue to climb.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Palm Beach

Office Q2 2023



CUSHMAN & WAKEFIELD

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	369,276	69,966	11.7%	-16,068	-33,803	27,744	585,007	\$60.06	\$73.76
Suburban Palm Beach County	19,416,932	1,882,568	316,040	11.3%	-126,972	-250,509	751,642	90,903	\$42.15	\$48.35
SUBURBAN WPB	3,311,514	365,033	20,415	11.6%	2,373	-11,751	96,292	0	\$36.91	\$37.46
Palm Beach	585,004	19,020	0	3.3%	0	0	2,986	0	\$89.01	N/A
Suburban West Palm Beach	2,726,510	346,013	20,415	13.4%	2,373	-11,751	93,306	0	\$33.79	\$37.46
NORTH PALM BEACH	3,461,631	324,894	2,817	9.5%	10,293	38,661	156,688	0	\$42.10	\$50.45
Jupiter/Tequesta/Juno	805,721	58,795	0	7.3%	12,887	10,701	35,213	0	\$38.93	\$41.99
Palm Beach Gardens/North Palm Beach	2,655,910	266,099	2,817	10.1%	-2,594	27,960	121,475	0	\$42.80	\$53.66
SOUTH PALM BEACH	1,734,601	51,763	13,668	3.8%	748	-14,793	26,559	90,903	\$28.92	\$35.00
Boynton Beach	441,889	8,954	2,221	2.5%	4,484	13,140	15,484	0	\$25.59	\$35.00
Delray Beach	860,595	27,128	11,447	4.5%	-6,632	-19,556	7,579	90,903	\$31.21	N/A
Lake Worth	432,117	15,681	0	3.6%	2,896	-8,377	3,496	0	\$29.07	N/A
BOCA RATON	10,909,186	1,140,878	279,140	13.0%	-140,386	-262,626	472,103	0	\$43.95	\$49.79
Downtown Boca Raton	1,022,933	102,995	34,962	13.5%	2,463	3,300	17,531	0	\$48.52	\$48.28
Federal Highway Corridor	1,212,142	55,302	7,972	5.2%	-4,886	-3,416	8,939	0	\$39.62	\$39.51
Glades Road	2,818,864	260,503	112,779	13.2%	10,984	-92,090	50,002	0	\$53.45	\$55.73
Northwest Boca Raton	5,491,125	705,721	123,427	15.1%	-152,619	-170,041	375,999	0	\$39.68	\$45.64
Southwest Boca Raton	364,122	16,357	0	4.5%	3,672	-379	19,632	0	\$36.52	\$39.45
PALM BEACH TOTALS	23,173,011	2,251,844	386,006	11.4%	-143,040	-284,312	779,386	675,910	\$45.19	\$52.07

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

*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	10,131,243	1,005,252	188,947	11.8%	-165,170	-257,493	517,564	675,910	\$51.96	\$52.07
CLASS B	13,041,768	1,246,592	197,059	11.1%	22,130	-26,819	261,822	0	\$39.95	\$39.38
PALM BEACH TOTALS	23,173,011	2,251,844	386,006	11.4%	-143,040	-284,312	779,386	675,910	\$45.17	\$45.19

Key Sale Transactions Q2 2023

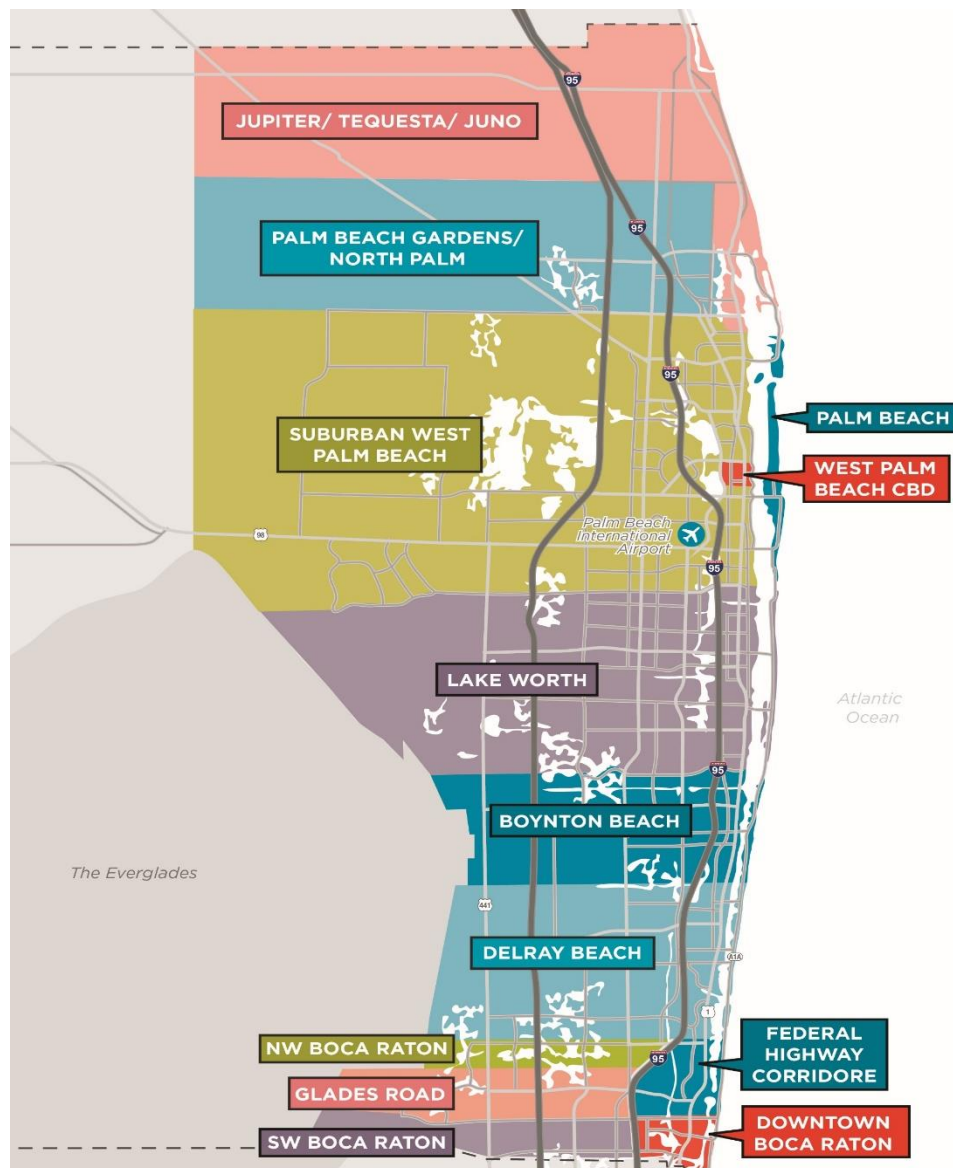
PROPERTY	SUBMARKET	SELLER BUYER	SF	PRICE/\$PSF
6600 Military Trail	Northwest Boca Raton	Office Depot LLC PEBB Enterprises	624,230	\$104.0M \$167
4362 Northlake Blvd	Palm Beach Gardens/North Palm Beach	Corporate Creations Network, Inc. Allan A Kaminsky	34,062	\$7.0M \$206

Palm Beach

Office Q2 2023

**CUSHMAN &
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OFFICE SUBMARKETS

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