



11.6%

Vacancy Rate

YoY
Chg12-Mo.
Forecast

-361K

YTD Net Absorption, SF



\$46.21

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS
Q4 2023

685K

Palm Beach County
EmploymentYoY
Chg12-Mo.
Forecast

2.9%

Palm Beach County
Unemployment Rate

3.7%

U.S.
Unemployment Rate

Source: BLS

ECONOMY

The unemployment rate in Palm Beach County was 2.9% at year-end, up 30 basis points (bps) from Q4 2022. While unemployment rose slightly, the market rate was 80 bps below the national rate for 2023. Nonagricultural employment was 685,000, a 1.3% increase year-over-year (YOY) or 9,000 jobs added. The professional and business services industry lost 2,800 jobs in 2023, the largest decrease by any sector in the market.

SUPPLY

Overall vacancy was 11.6% at the end of Q4, on par with the previous two quarters but rose 130 bps YOY. Two vacancies totaling 280,000 square feet (sf) from the Newell sublet and Office Depot downsize, accounted for the majority of added vacancy during 2023. Despite the YOY spike in vacant space, Palm Beach County still boasted the lowest rate in the state. The county had no projects completed in 2023, but the expected completion of 300 Banyan and One Flagler in early 2024 will offer over 215,000 sf of vacant, much needed Class A space to the market's Central Business District (CBD). The development pipeline remained robust, with 585,007 sf currently under construction in the CBD. The expected completion of those developments will provide companies more opportunity to upgrade in high quality space.

DEMAND

Palm Beach County's leasing activity totaled 1.3 msf, down 31.1% YOY. New deal activity normalized, correcting to the 10-year market average after the record high activity reported in 2021 and 2022. The Northwest Boca Raton submarket had the most deal activity in the market, highlighted by the ADT expansion in Q4 and the Office Depot sale/leaseback in the first half of 2023. Demand slightly outpaced supply during Q4 with modest positive net absorption, but year-to-date (YTD) absorption finished at -360,775 sf.

MARKET PRICING

Palm Beach County's overall asking rents rose to \$46.21 per square foot (psf), up 5.9% YOY. Class A rents rose 4.2% to \$52.43 psf while Class B product recorded a 5.0% YOY increase, finishing the year at \$41.12 psf. Overall CBD rents rose 11.5% in the past 12 months, up to \$64.90 psf, while Class A space in the submarket recorded a 14.0% increase during the same time frame, up to \$77.27 psf. Although rates rose YOY, asking rents decreased across the market QOQ. Economic uncertainty and the lack of construction completions contributed to rents beginning to stagnate.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Palm Beach

Office Q4 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	363,792	71,159	11.6%	-899	-60,976	133,187	585,007	\$64.90	\$77.27
Suburban Palm Beach County	19,416,932	1,993,184	262,290	11.6%	8,505	-299,799	1,159,450	90,903	\$42.92	\$48.19
SUBURBAN WPB	3,311,514	350,152	8,464	10.8%	6,269	-39,950	151,004	0	\$36.95	\$37.73
Suburban West Palm Beach	2,726,510	338,562	8,464	12.7%	7,519	-38,371	146,518	0	\$36.17	\$37.73
Palm Beach	585,004	11,590	0	2.0%	-1,250	-1,579	4,486	0	\$67.37	N/A
NORTH PALM BEACH	3,461,631	285,745	7,672	8.5%	13,261	56,317	223,647	0	\$41.66	\$48.54
Palm Beach Gardens/North Palm Beach	2,655,910	217,243	7,672	8.5%	21,283	55,323	181,291	0	\$42.41	\$51.61
Jupiter/Tequesta/Juno	805,721	68,502	0	8.5%	-8,022	994	42,356	0	\$39.15	\$41.99
SOUTH PALM BEACH	1,734,601	70,591	11,447	4.7%	-2,217	-32,532	45,407	90,903	\$30.90	N/A
Lake Worth	432,117	28,845	0	6.7%	-2,739	-21,741	4,452	0	\$28.01	N/A
Boynton Beach	441,889	1,054	0	0.2%	1,843	23,261	26,579	0	N/A	N/A
Delray Beach	860,595	40,692	11,447	6.1%	-1,321	-34,052	14,376	90,903	\$32.45	N/A
BOCA RATON	10,909,186	1,286,696	234,707	13.9%	-8,808	-283,634	739,392	0	\$45.27	\$49.97
Glades Road	2,818,864	270,653	103,061	13.3%	2,301	-87,749	110,269	0	\$54.57	\$56.70
Federal Highway Corridor	1,212,142	55,356	0	4.6%	-2,778	4,502	44,896	0	\$42.01	\$41.41
Northwest Boca Raton	5,491,125	836,461	104,239	17.1%	-13,852	-202,473	513,666	0	\$40.88	\$45.14
Southwest Boca Raton	364,122	13,357	0	3.7%	-1,850	2,621	24,482	0	\$35.87	\$39.45
Downtown Boca Raton	1,022,933	110,869	27,407	13.5%	7,371	-535	46,079	0	\$55.10	\$48.70
PALM BEACH TOTALS	23,173,011	2,356,976	333,449	11.6%	7,606	-360,775	1,292,637	675,910	\$46.21	\$52.43

*Statistics for Palm Beach County do not 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	1,003,470	174,765	11.6%	10,811	-256,498	748,046	675,910	\$52.12	\$52.43
CLASS B	13,041,768	1,353,506	158,684	11.6%	-3,205	-104,277	544,591	0	\$41.22	\$41.12
PALM BEACH TOTALS	23,173,011	2,356,976	333,449	11.6%	7,606	-360,775	1,292,637	675,910	\$45.80	\$46.21

Key Lease Transactions Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4960 Conference Way	Northwest Boca Raton	Bluegreen Vacations	50,795	Renewal
1501 Yamato Road	Northwest Boca Raton	ADT	35,426	Expansion
5829 Corporate Way	Suburban West Palm Beach	Clean & Sober Recovery Center Inc.	17,962	New Lease

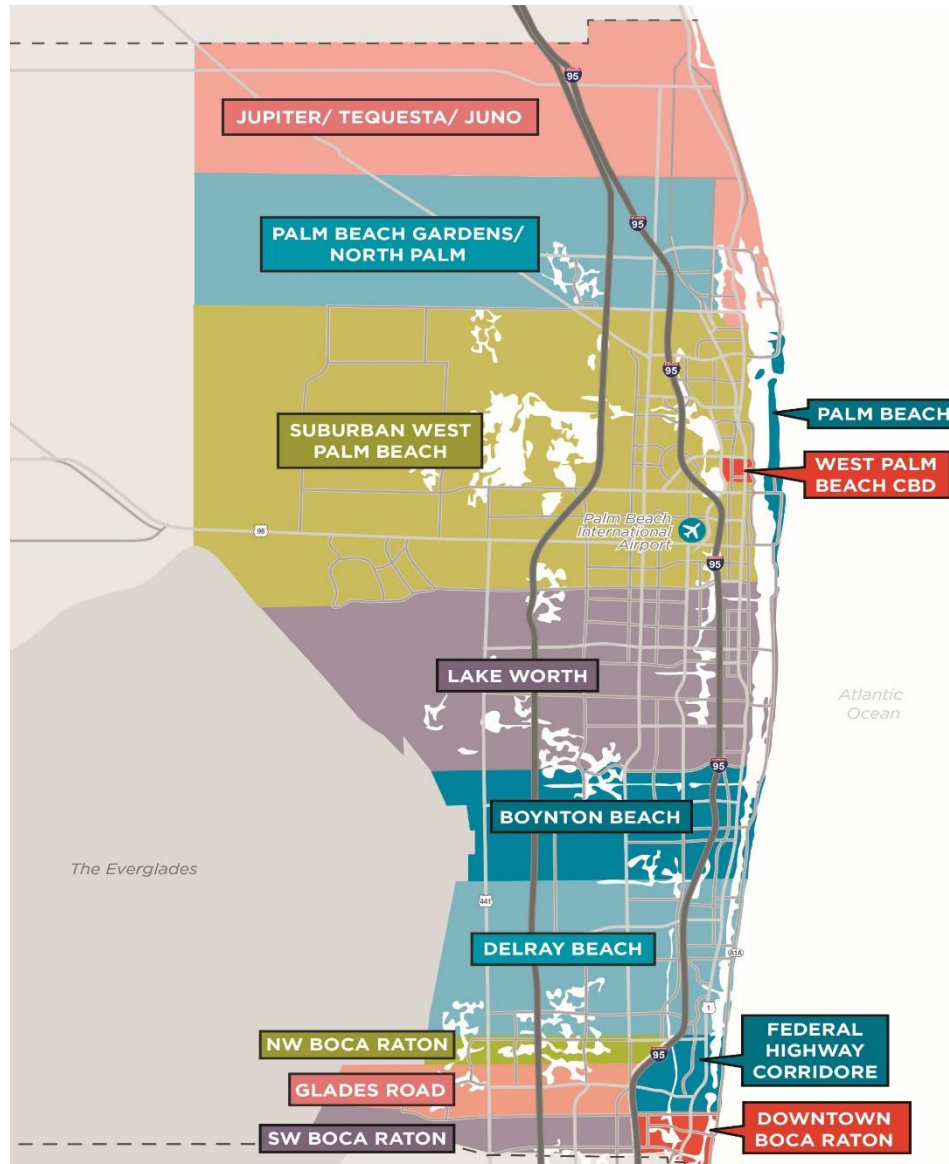
*Renewals not included in leasing statistics

Palm Beach

Office Q4 2023

**CUSHMAN &
WAKEFIELD**

OFFICE SUBMARKETS

**Connor Salzman***Research Analyst*

Tel: +1 954 892 7000

connor.salzman@cushwake.com**Eric Messer***Senior Research Manager*

Tel: +1 954 377 0519

eric.messer@cushwake.com**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit

www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.