

# West Palm Beach

## Office market snapshot | Q4 2023

During 2023, the West Palm Beach office market exhibited robust performance. Leasing activity for the year exceeded 2.5 million square feet, accompanied by a positive net absorption of 12,006 square feet in the fourth quarter, and over 765,000 square feet of new developments underway.

## \$89.4M

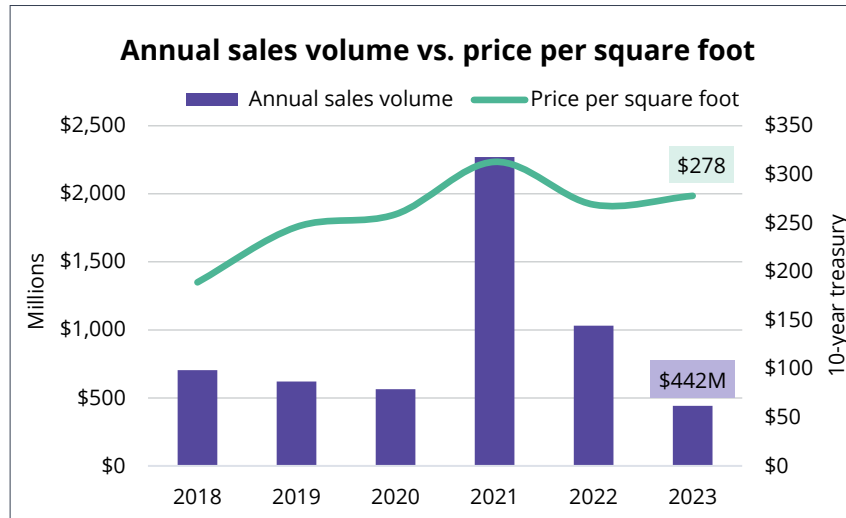
West Palm Beach's office market witnessed a slowdown in annual sales activity over the past five years with transaction volume in the fourth quarter totaling \$89.4 million.

## 18.7%

Total availability increased year over year as landlords and companies adapted to changing tenant demands and office environments.

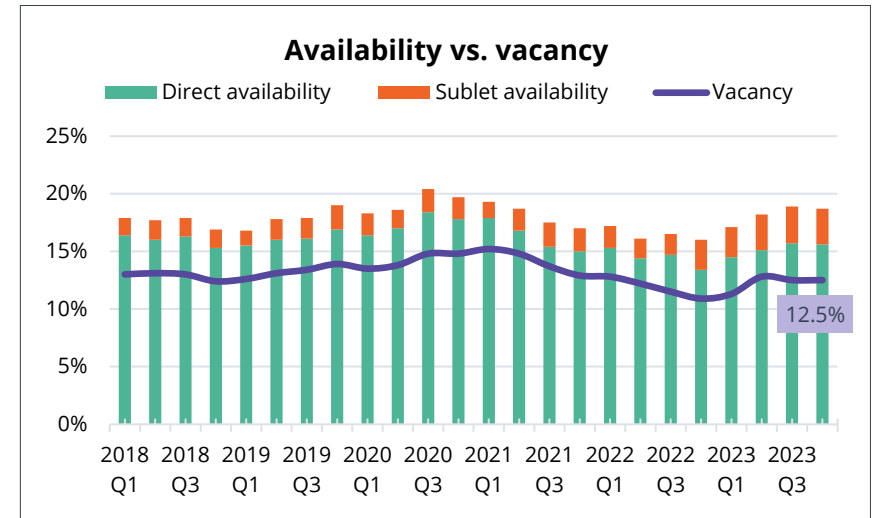
## 12,006 sf

Net absorption finished on a positive note in the fourth quarter, resulting in 12,006 square feet.



Capital market sales stalled due to prolonged economic headwinds in 2023. Despite a standoff between buyers and sellers, the average price per square foot remained relatively stable year over year at \$278 per square foot. The Federal Reserve has a positive outlook for 2024, stating it expects future rate cuts and signaling a potentially strong year for capital markets activity.

Sources: AVANT by Avison Young, CoStar, RCA, U.S. Bureau of Labor Statistics

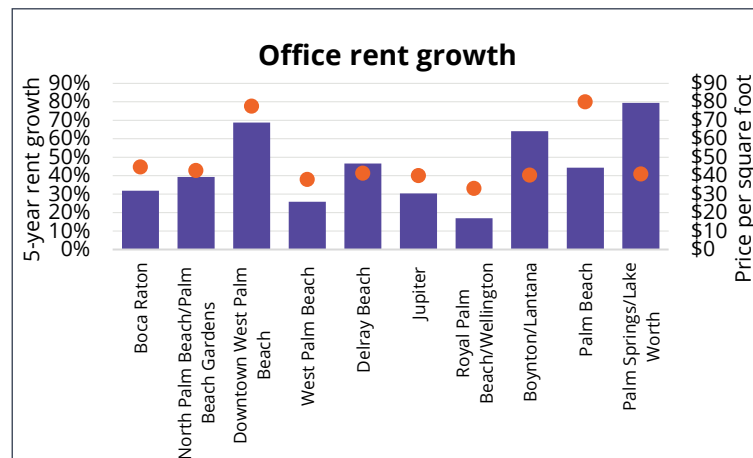


Over the last four quarters, total availability has increased significantly in suburban submarkets such as Boca Raton by 23.5% and Palm Spring/Lake Worth by 28.1%. Total availability increased 17% year over year, reaching at least 5.4 million square feet, while total vacancy increased by 1.6% in the same period as businesses test the market for demand in an attempt to downsize their footprint.

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YOUNG**

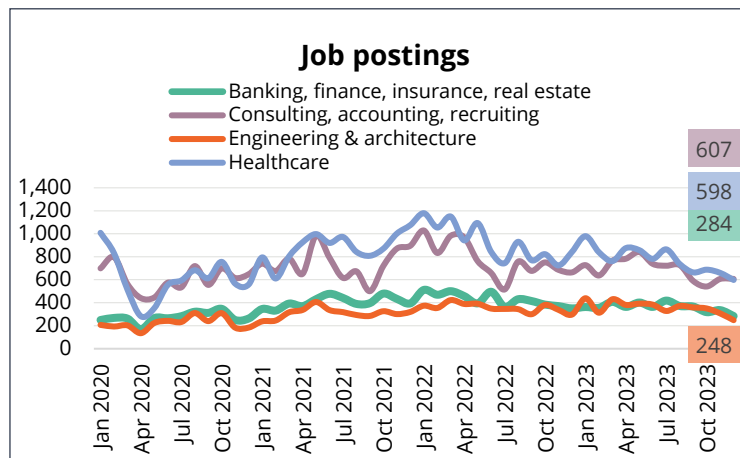
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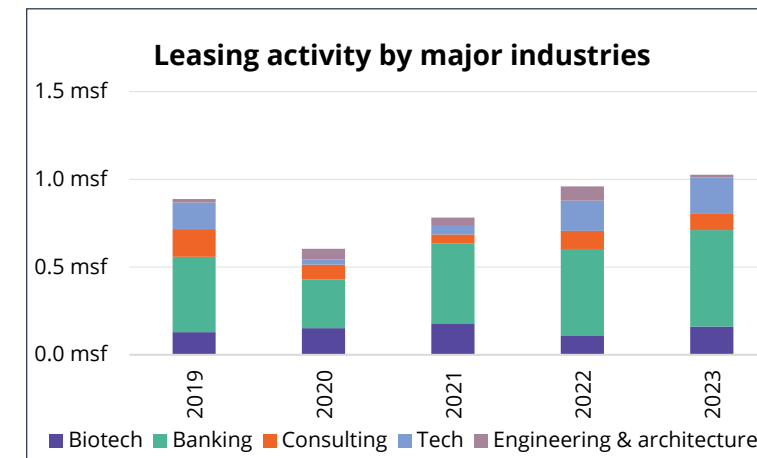
## Submarket-specific insights into West Palm Beach's robust rent growth

In the last five years, the West Palm Beach office market consistently witnessed an increase in rental rates in both urban and suburban sectors. The Downtown West Palm Beach submarket notably outpaced others with a remarkable 69% surge. Following the onset of the pandemic, the attractive corporate environment and high quality of living in Palm Beach enticed a significant ingress of companies relocating, resulting in upward pressure on average asking rents to as much as \$77.5 per square foot on average by the end of 2023.



## How have job opportunities in West Palm Beach's office sector evolved since the pandemic?

In December 2023, the consulting, accounting, and recruiting industry dominated the West Palm Beach job market with the highest number of office job postings, totaling 607. Although this figure declined from its peak of 1,029 in January 2022, it still stood 28.4% higher than the pre-pandemic levels recorded in the third quarter of 2019. The banking, finance, insurance, and real estate sector, in contrast, was at its lowest point in job postings in December since January 2021, with only 284 postings available, despite dominating leasing activity throughout the year. Overall, economic headwinds resulted in the labor market softening, yet the total number of postings remained elevated compared to pre-pandemic levels across all major industries.



## How tenant demand has shifted by industry sector over time

The banking, finance, insurance, and real estate sector led the leasing volume for West Palm Beach's office market yet again and set a five-year record for overall volume of over half a million square feet leased in 2023, an 11.5% year-over-year increase. The tech sector also increased its market presence in 2023, reaching over 200,000 square feet, a 20% year-over-year increase. While tech companies grow their leasing activity in West Palm, it suggests a shifting economic landscape, reflecting the area's attractiveness for tech-driven innovation and digital business ventures.

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## Get in touch

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	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (4Q23)	Net absorption (YTD)	Annual direct asking rent psf FS
Boca Raton	13,097,941	-	-	12.7%	1.2%	14%	2.2%	(34,956)	(283,774)	\$44.65
North Palm Beach/Palm Beach Gardens	3,848,707	-	70,000	6.4%	0.6%	7%	(1.6%)	68,004	61,305	\$42.75
Downtown West Palm Beach	3,300,067	-	334,107	15.8%	1.7%	17.5%	(4.1%)	30,719	(135,869)	\$77.54
West Palm Beach	3,182,839	-	270,000	11.9%	0.8%	12.7%	(2.2%)	(29,627)	(29,627)	\$37.89
Delray Beach	1,110,610	-	90,903	7.6%	3.5%	11.1%	2.8%	5,871	(30,565)	\$41.30
Jupiter	1,088,837	-	-	6.7%	0%	6.7%	(2.5%)	14,958	26,778	\$39.94
Royal Palm Beach/Wellington	793,905	-	-	3.2%	0.3%	3.5%	(0.5%)	(3,172)	4,153	\$33.05
Boynton/Lantana	785,887	-	-	1.9%	0%	1.9%	(2.4%)	6,335	18,930	\$40.21
Palm Beach	609,483	-	-	8.8%	0%	8.8%	0.4%	(2,667)	(2,843)	\$79.97
Palm Springs/Lake Worth	602,528	-	-	21.7%	8.8%	30.6%	6.2%	(43,459)	(36,971)	\$40.85
<b>Market total</b>	<b>28,420,804</b>	<b>-</b>	<b>765,010</b>	<b>11.2%</b>	<b>1.3%</b>	<b>12.5%</b>	<b>1.6%</b>	<b>12,006</b>	<b>(448,250)</b>	<b>\$49.23</b>

### Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
ADT	1501 Yamato Rd.	67,777	Expansion	Direct
Bluegreen Vacations	4960 Conference Way N.	50,795	Renewal	Direct
MPLT Healthcare	3701 FAU Blvd.	29,783	Expansion	Direct
Clean & Sober Recovery Center	5829 Corporate Way	17,962	New	Direct

### Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Meyers Group	6111 Broken Sound Pkwy. N.W.	\$25,000,000	\$249	Alchemy Investment
Larsen MacColl	3010 Military Trail	\$9,800,000	\$327	Butters Realty