



# West Palm Beach office market report

Q1 2022

**AVISON  
YOUNG**

# Office market trends

## 01

### Vacancy remains at record lows

The West Palm Beach office market continued to outperform all other major Florida markets in the first quarter of 2022. Direct vacancy remains at a record low of 11.7% and sublease space has been minimal. While a flight-to-quality trend persists and there has been strong leasing activity within new office product, class B vacancy also saw a slight decrease from year-end 2021 to 11.0% (-30 basis points). This will be a trend to watch going forward as rents for class A product continue to climb throughout the county.

## 02

### Rates in the CBD climb to new heights

Direct average asking rents continue to soar to new heights in the CBD amid unwavering tenant demand for class A assets. While Miami holds the highest overall average rental rate in the state of \$46.92 per square foot (psf), average asking rents in Downtown West Palm Beach currently sit at a \$5.37 premium to asking rents in Brickell. As a pricing disparity continues to grow between new and existing tenants, there may be some migration of local tenants to the nearby suburban West Palm Beach submarket Palm Beach Gardens or farther south to Boca Raton.

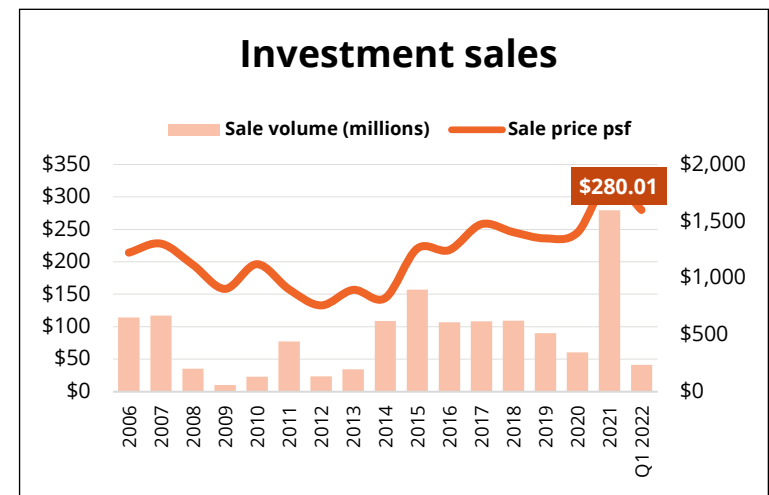
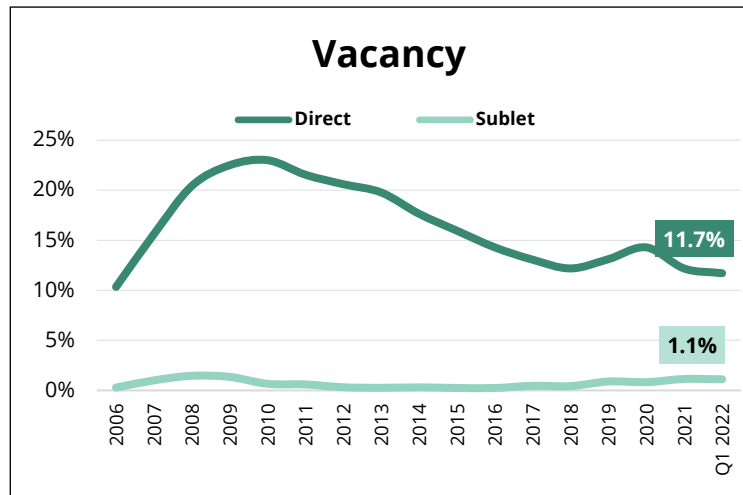
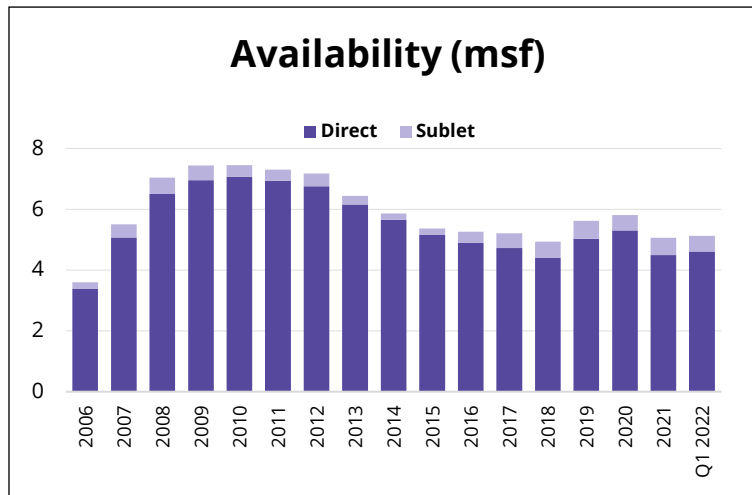
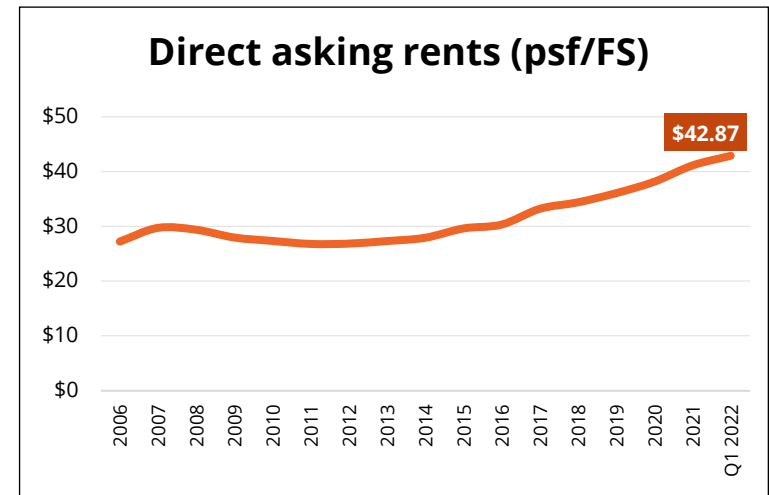
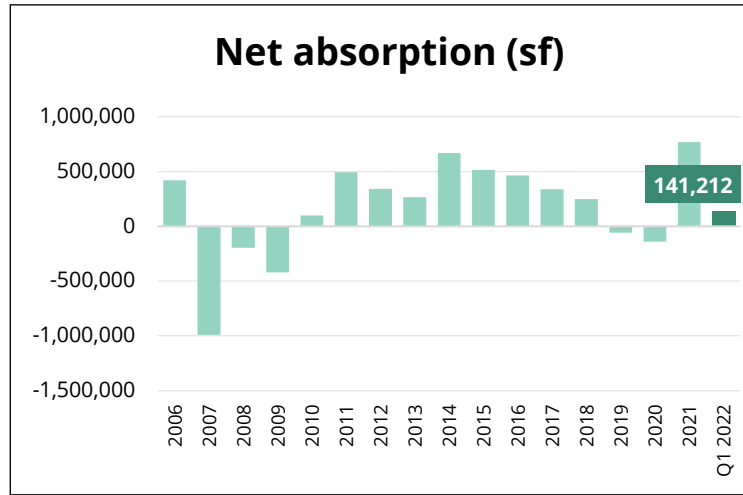
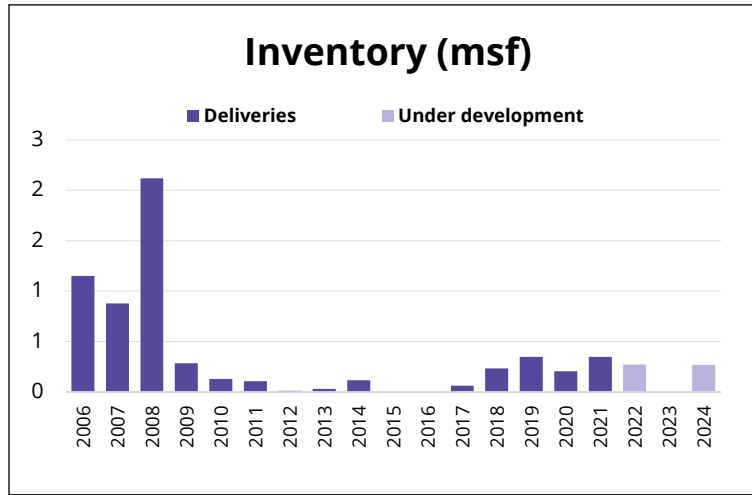
## 03

### Net absorption expected to see uptick in Q2 and Q3

Net absorption is off to a healthy start at the beginning of 2022 and is expected to see an uptick midway through the year as several large move-ins are expected to take place in the second and third quarter. 360 Rosemary, a brand-new office tower in West Palm Beach, has several tenants that will be occupying this year including Goldman Sachs (38,804 square feet [sf]), Comvest (39,090 sf) and Elliot Management (25,790 sf).



# Office market indicators



# Office market activity

## Recent leasing activity

Tenant name	Address	Sign date	Size	Transaction type	Lease type	Submarket
Polen Capital Management	1825 Northwest Corporate Boulevard	March 2022	42,277	Renewal	Direct	Boca Raton
First Republic Bank*	154 Lakeview Avenue	March 2022	36,386	New	Direct	Downtown West Palm Beach
Industrious	222 Lakeview Avenue	Feb. 2022	27,128	New	Direct	Downtown West Palm Beach
SROA Capital	2751 South Dixie Highway	Feb. 2022	25,867	New	Direct	Palm Springs/Lake Worth
QEP Co.	1001 Northwest Broken Sound Parkway	Feb. 2022	20,500	Renewal	Direct	Boca Raton
Innovate*	154 Lakeview Avenue	March 2022	16,389	New	Direct	Downtown West Palm Beach
Unified Physicians Management*	1751 North Military Trail	March 2022	15,000	New	Direct	Boca Raton

\*Pre-leasing activity

## Recent sales activity

Buyer	Address	Sale date	Building size	Sale price	Sale price psf	Seller
Parmenter Realty Partners	7108-7121 Fairway Drive	Jan. 2022	224,663	\$81,150,000	\$361	C-3 Capital Partners
Wexford Real Estate Investors / Related Companies / Key International	400-450 South Australian Avenue	Feb. 2022	123,099	\$35,000,000	\$284	Southern Management & Development
David Associates	1655-1665 Palm Beach Lakes	Jan. 2022	185,029	\$29,250,000	\$158	Triarch Capital Group
Grover & Corlew	120 East Palmetto Park Road	March 2022	66,966	\$25,200,000	\$376	Kireland Management
Oak Street Real Estate Capital	5600 Broken Sound Boulevard Northwest	Jan. 2022	139,785	\$25,000,000	\$179	Nation Safe Drivers

## Significant construction activity

Property	Address	Delivery Date	Building size	% pre-leased	Developer	Submarket
One Flagler	154 Lakeview Avenue	Feb. 2024	277,000	52.8%	Related Companies	West Palm Beach
One West Palm	550 North Quadrille Boulevard	Aug. 2023	207,107	0.0%	Florida Sunshine Investments	Downtown West Palm Beach
Atlantic Crossing – Building 1	609 East Atlantic Avenue	April 2022	65,308	83.5%	Edwards Companies	Delray Beach

# Office market stats by submarket

By Submarket	Inventory (sf)	Total %	Vacancy		Net Absorption		SF Under	Average Asking Rent		
			Class A	Class B	1Q22	YTD	Construction	Total	Class A	Class B
Downtown West Palm Beach	3,379,430	16.4%	24.4%	5.8%	77,708	77,708	207,107	\$65.89	\$72.35	\$48.08
<b>Urban Subtotal</b>	<b>3,379,430</b>	<b>16.4%</b>	<b>24.4%</b>	<b>5.8%</b>	<b>77,708</b>	<b>77,708</b>	<b>207,107</b>	<b>\$65.89</b>	<b>\$72.35</b>	<b>\$48.08</b>

By Submarket	Inventory (sf)	Total %	Class A	Class B	1Q22	YTD	Construction	Total	Class A	Class B
Boca Raton	12,400,813	12.3%	12.6%	12.2%	74,222	74,222	-	\$40.60	\$44.59	\$36.48
Boynton/Lantana	785,887	6.4%	1.6%	7.8%	-3,717	-3,717	-	\$26.81	\$33.79	\$26.06
Delray Beach	1,400,256	8.9%	5.7%	9.2%	16,223	16,223	65,308	\$30.52	\$66.97	\$29.60
Jupiter	1,357,729	9.8%	8.1%	10.3%	-67,744	-67,744	-	\$36.77	\$43.42	\$34.70
North Palm Beach/Palm Beach Gardens	4,315,393	14.7%	15.8%	14.3%	-44,414	-44,414	-	\$39.76	\$51.07	\$32.95
Palm Beach	606,187	16.1%	7.5%	19.1%	-4,596	-4,596	-	\$83.57	\$84.15	\$83.52
Palm Springs/Lake Worth	599,970	28.7%	73.9%	5.6%	18,411	18,411	-	\$37.59	\$38.79	\$26.74
Royal Palm Beach/Wellington	793,905	5.2%	3.7%	5.3%	18,806	18,806	-	\$34.78	\$38.17	\$34.69
West Palm Beach	3,180,957	11.1%	14.6%	9.2%	56,313	56,313	270,000	\$37.10	\$44.92	\$32.39
<b>Suburban Subtotal</b>	<b>25,441,097</b>	<b>12.3%</b>	<b>14.3%</b>	<b>11.4%</b>	<b>63,504</b>	<b>63,504</b>	<b>335,308</b>	<b>\$40.19</b>	<b>\$46.79</b>	<b>\$35.57</b>
<b>Market Total</b>	<b>28,820,527</b>	<b>12.8%</b>	<b>16.2%</b>	<b>11.0%</b>	<b>141,212</b>	<b>141,212</b>	<b>542,415</b>	<b>\$42.87</b>	<b>\$49.46</b>	<b>\$36.87</b>

# Office market stats by class

By Class	Inventory (sf)	Vacancy	1Q Absorption	YTD Absorption	Construction	Available Sublease
Class A	10,119,834	16.2%	53,174	53,174	542,415	178,495
Class B	18,700,693	11.0%	88,038	88,038	0	350,141
<b>Market Total</b>	<b>28,820,527</b>	<b>12.8%</b>	<b>141,212</b>	<b>141,212</b>	<b>542,415</b>	<b>528,636</b>

For more market insights  
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