



# West Palm Beach office market report

Q3 2022

**AVISON  
YOUNG**

# Office market trends

## 01

### Flight to quality evident as tenants flock to class A spaces

Vacancy and availability have begun to level off across both class A and class B office space.

Direct vacancy in the third quarter barely moved, from 11.1% to 10.9%, while sublet vacancy remained flat at 1.3%. This reflects a diverging trend between class A and class B spaces, with class A properties adding more than 90,000 square feet (sf) of positive absorption this quarter while class B tenants vacated some 40,000 sf over the same period. This flight to quality is also evident in the nearly-250,000 sf of class B sublease space available in West Palm Beach—more than double the class A space for sublease.

## 02

### Investment sales continue even as profit per square foot slips

Investment sales slowed in the third quarter as rising interest rates brought the average price per square foot (psf) down to \$305 from \$337 psf at the end of the second quarter. While the pace of sales has also slowed, overall volume in the third quarter remained robust at over \$237 million and more than \$869 million year-to-date. While West Palm Beach's overall investment volume in 2022 is unlikely to catch 2021's eye-popping \$1.5 billion, the market is still well-positioned to end 2022 with over \$1 billion in office sales.

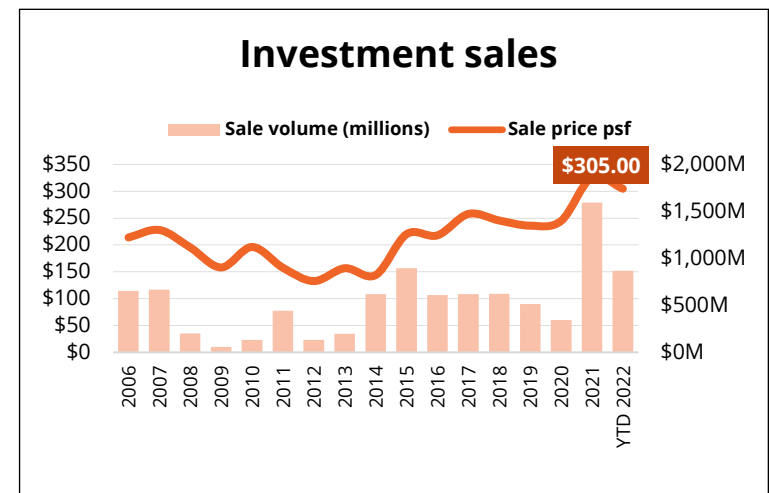
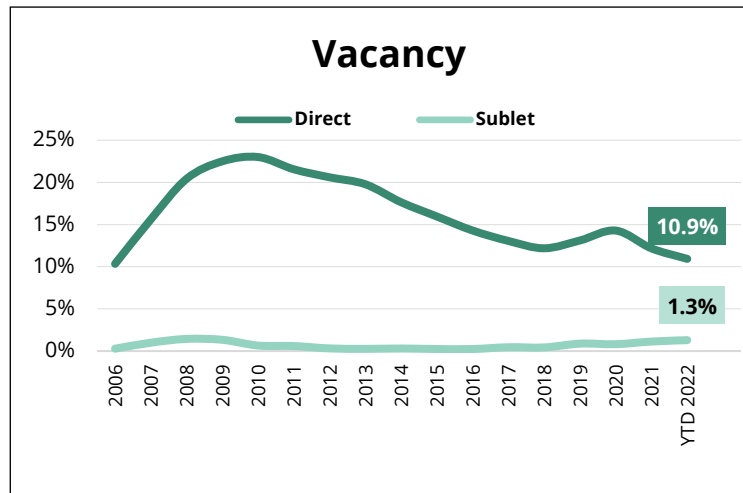
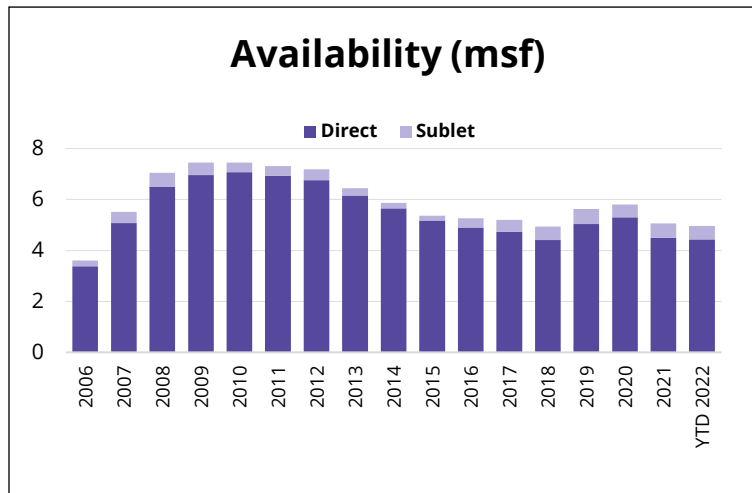
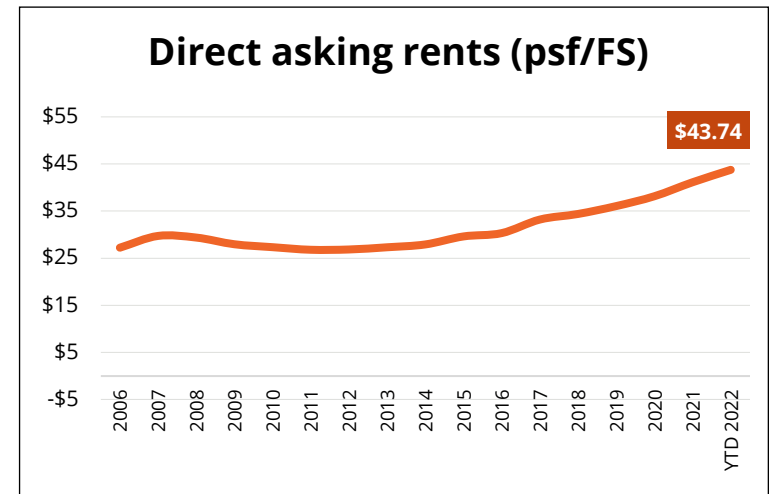
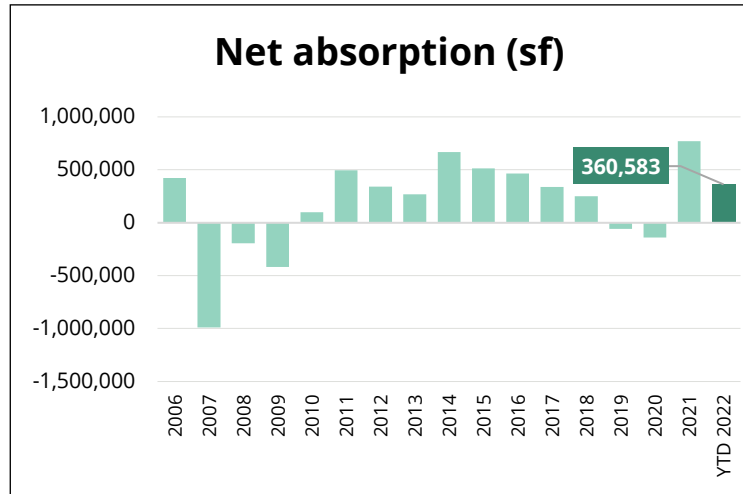
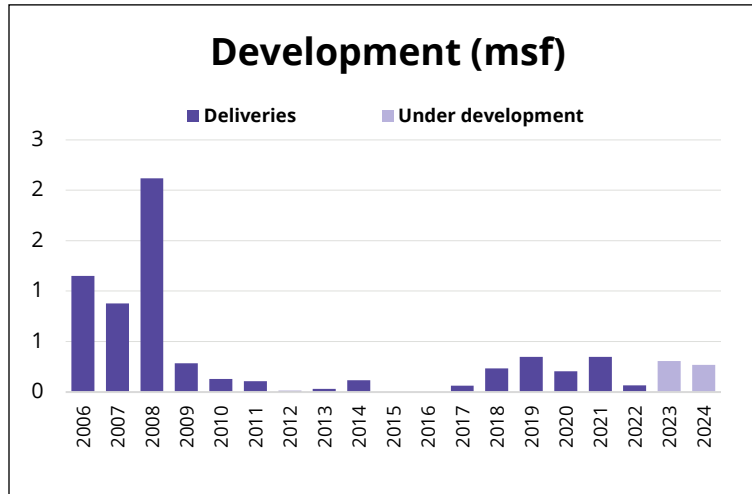
## 03

### Premier submarkets benefit from new-to-market tenants

Asking rates were largely flat in the third quarter, dipping 25 cents from the second quarter to \$43.74, as the over-10% vacancy rate and variety of sublease options put downward pressure on rates. The slight dip in overall average asking rates was bolstered by the Palm Beach submarket, where asking rates averaged \$95.50 amid increased demand from new-to-market tenants including Citadel and Anchin that are building out their South Florida operations.



# Office market indicators



# Office market activity

## Recent leasing activity

Tenant name	Address	Sign date	Size (sf)	Transaction type	Lease type	Submarket
Comcast	1100 Northpoint Parkway	Aug. 2022	26,780	Direct	Renewal	North Palm Beach/ Palm Beach Gardens
Wells Fargo	1675 North Military Trail	Aug. 2022	25,000	Direct	New	Boca Raton
Citadel	151 Worth Avenue	July 2022	25,000	Direct	New	Palm Beach
MDNow	4200 Northcorp Parkway	Aug. 2022	18,000	Direct	New	North Palm Beach/ Palm Beach Gardens
Knotel	2751 South Dixie Highway	Aug. 2022	18,000	Direct	New	Palm Springs/Lake Worth
BBMK Contracting	6800 Broken Sound Parkway Northwest	July 2022	17,686	Direct	New	Boca Raton

## Recent sales activity

Buyer	Address	Sale date	Building size	Sale price	Sale price psf	Seller
Pebb Enterprises, Contrarian Capital	Meridian Office Center 6551 & 6601 Park of Commerce Boulevard	July 2022	70,406 & 61,274	\$29,900,020	\$205	Ivy Realty
LRP Media Group	1395 University Boulevard	July 2022	61,451	\$19,000,000	\$309	Gladstone Commercial
Action Physical Therapy	6415 Lake Worth Road	Aug. 2022	29,016	\$6,500,000	\$224.01	David Associates

## Significant construction activity

Property	Address	Delivery Date	Building size	% pre-leased	Developer	Submarket
1 Flagler	154 Lakeview Avenue	Feb. 2024	277,000	51.5%	Related Companies	West Palm Beach
One West Palm	550 North Quadrille Boulevard	Jan. 2023	210,000	0%	Florida Sunshine Investments	Downtown West Palm Beach
Banyan & Olive	300 Banyan Boulevard	Dec. 2024	127,000	9.3%	Brand Atlantic	Downtown West Palm Beach

# Office market stats by submarket

By Submarket	Inventory (sf)	Total %	Vacancy		Net Absorption		SF Under	Average Asking Rent		
			Class A	Class B	3Q22	YTD	Construction	Total	Class A	Class B
Downtown West Palm Beach	3,300,067	13.1%	15%	10.2%	50,682	188,797	307,107	\$66.46	\$75.47	\$45.99
<b>Urban Subtotal</b>	<b>3,300,067</b>	<b>13.1%</b>	<b>15%</b>	<b>10.2%</b>	<b>50,682</b>	<b>188,797</b>	<b>307,107</b>	<b>\$66.46</b>	<b>\$75.47</b>	<b>\$45.99</b>

By Submarket	Inventory (sf)	Total %	Class A	Class B	3Q22	YTD	Construction	Total	Class A	Class B
Boca Raton	12,544,950	12.8%	12.3%	13.2%	-17,114	-16,088		\$41.43	\$47.61	\$36.48
Boynton/Lantana	785,887	4.6%	1.5%	5.4%	-215	10,819		\$21.72	\$33.00	\$21.72
Delray Beach	1,465,564	8%	14.1%	7%	-12,271	88,184		\$28.49	\$66.97	\$28.49
Jupiter	1,311,049	8.9%	6.2%	9.6%	-11,598	-11,481	40,000	\$41.08	\$46.19	\$39.54
North Palm Beach/ Palm Beach Gardens	4,316,393	13.8%	14.8%	13.3%	11,663	-2,006	270,000	\$42.43	\$53.48	\$33.90
Palm Beach	606,187	4.9%	0%	6.6%	35,925	63,454		\$95.50	\$98.62	\$94.53
Palm Springs/ Lake Worth	602,528	29.6%	74.3%	6.9%	-1,222	12,457		\$38.63	\$39.28	\$28.60
Royal Palm Beach/ Wellington	793,905	5%	3.7%	5.1%	-2,629	-9,857	30,000	\$35.61	\$38.00	\$35.61
West Palm Beach	3,182,839	11.7%	17.9%	8.3%	-2,603	36,304	270,000	\$36.55	\$43.22	\$32.67
<b>Suburban Subtotal</b>	<b>25,609,302</b>	<b>12.1%</b>	<b>14.3%</b>	<b>11%</b>	<b>-64</b>	<b>171,786</b>	<b>580,000</b>	<b>\$40.94</b>	<b>\$47.06</b>	<b>\$36.01</b>
<b>Market Total</b>	<b>28,909,369</b>	<b>12.2%</b>	<b>14.4%</b>	<b>11%</b>	<b>50,618</b>	<b>360,583</b>	<b>887,107</b>	<b>\$43.74</b>	<b>\$51.64</b>	<b>\$36.64</b>

# Office market stats by class

By Class	Inventory (sf)	Vacancy	3Q Absorption	YTD Absorption	SF Under Construction	Available Sublease
Class A	16,357,357	14.4%	91,871	274,546	577,101	119,668
Class B	17,016,931	11%	-41,253	24,586	270,000	249,119
<b>Market Total</b>	<b>28,909,369</b>	<b>12.2%</b>	<b>50,618</b>	<b>299,132</b>	<b>847,101</b>	<b>368,787</b>

For more market insights  
and information visit  
**avisonyoung.com**

**Greg Martin**

Principal and Managing Director  
+ 1 954 903 1815  
[greg.martin@avisonyoung.com](mailto:greg.martin@avisonyoung.com)

**Keith O'Donnell**

Principal  
+ 1 561 893 7011  
[keith.odonnell@avisonyoung.com](mailto:keith.odonnell@avisonyoung.com)

**Gary A. Gottlieb, SIOR, RPA**

Principal  
+ 1 561 721 7025  
[gary.gottlieb@avisonyoung.com](mailto:gary.gottlieb@avisonyoung.com)

**Evie Linger**

Florida Regional Lead, Innovation & Insight  
+ 1 954 903 3714  
[evie.linger@avisonyoung.com](mailto:evie.linger@avisonyoung.com)

**Matt Wasielewski**

Insight Analyst  
+ 1 954 903 3705  
[matt.wasielewski@avisonyoung.com](mailto:matt.wasielewski@avisonyoung.com)