

West Palm Beach

Office market snapshot | Q1 2024

During the first quarter of 2024, the West Palm Beach office market exhibited robust performance. Leasing activity for the quarter exceeded 520,000 square feet, accompanied by positive net absorption of +49,949 square feet, with over 765,010 square feet of new office developments underway.

\$70.88

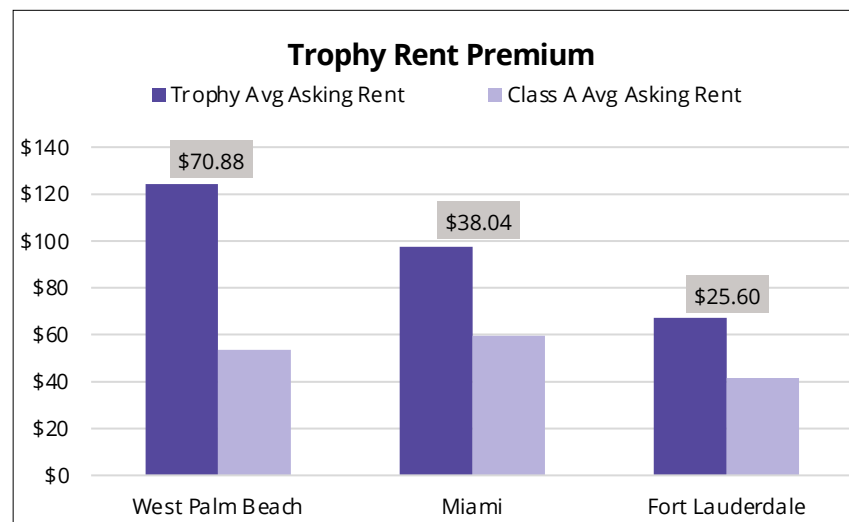
West Palm Beach has the highest average asking rate for trophy office space in South Florida at \$124.43 psf, a notable \$70.88 premium compared to class A.

+49,949

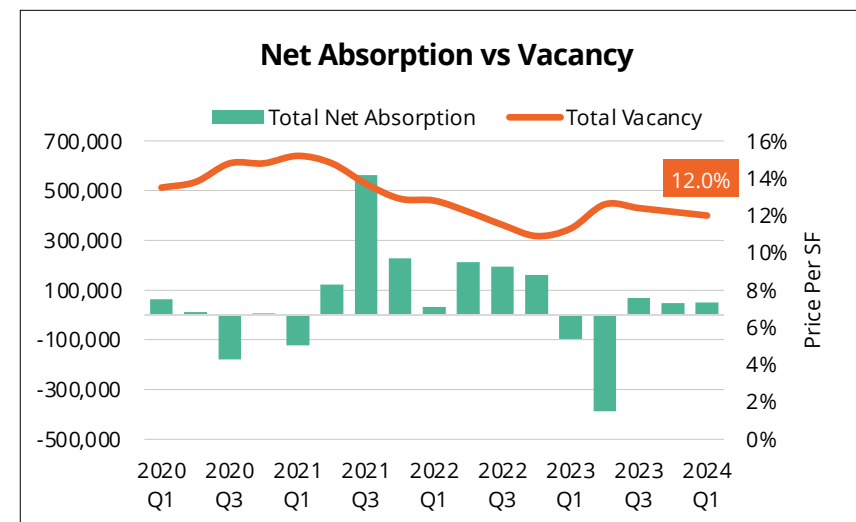
The office market experienced nearly 50,000 square feet of positive net absorption during the first quarter of 2024.

8.0%

There were over 5,400 job postings for consulting, research, accounting, and recruiting occupations in Q1 2024, up 8% year-over-year.



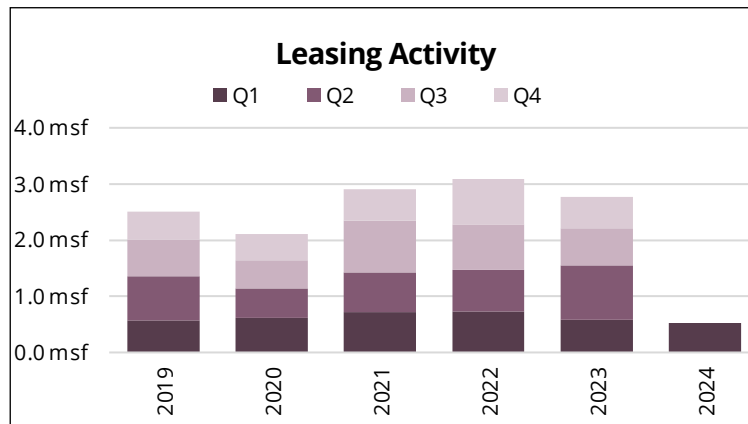
Over the past several years, business migration to South Florida has positively impacted office rent growth, leading to higher asking rates in trophy properties. West Palm Beach has the greatest rent-differential out of the tri-county office markets with trophy asking rates reaching \$124.33 psf compared to \$53.45 in class A buildings resulting in a \$70.88 premium for the best-in-class buildings.



West Palm Beach's office market is experiencing sustained tenant demand, marked by three consecutive quarters of positive net absorption and a steadily decreasing vacancy rate. The momentum continued into the first quarter, boasting 49,949 square feet of net absorption. This influx of demand has played a key role in reducing the vacancy rate over the past few quarters, reaching 12%.

West Palm Beach

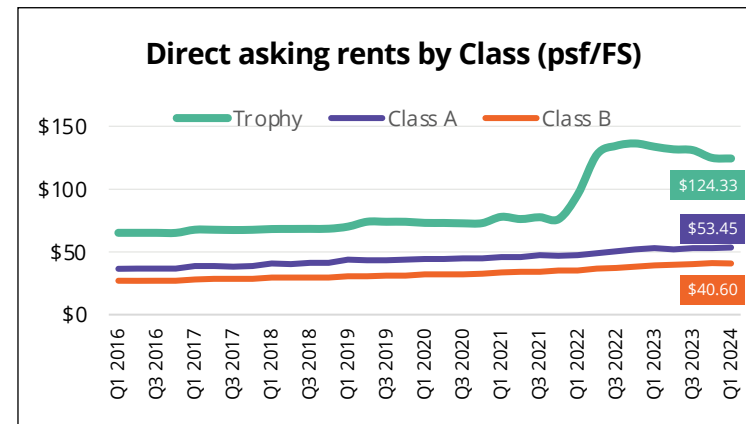
Office market snapshot | Q1 2024



Leasing activity remains resilient in the new year

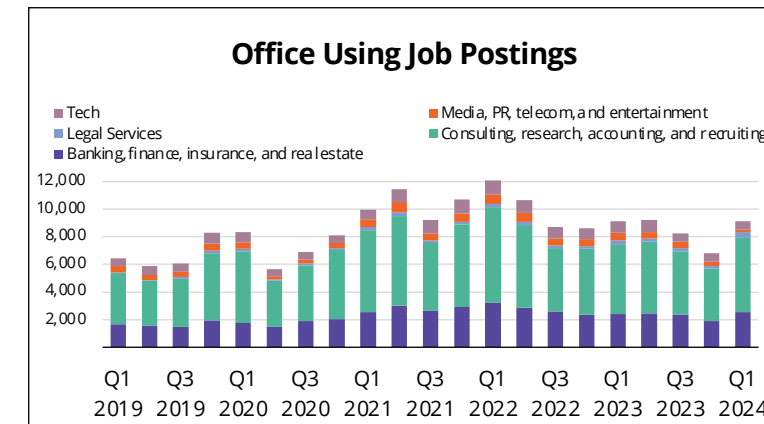
Tenant demand for the first quarter is off to a strong start with over 520,000 square feet of leasing activity, only down slightly from the first quarter of 2023. The largest new lease of the quarter was Dycom, who executed a direct lease for 43,673 square feet at 300 Banyan Blvd, a new trophy property set to deliver in late 2024 or early 2025. The average office lease size in the market has slightly increased to 3,380 square feet, marking a 30% year-over-year rise. However, tenant demand remains concentrated within the size range of under 10,000 square feet.

Source: Avant by Avison Young, CoStar, EMSI



Trophy rent premiums soften

Trophy asking rates in West Palm Beach's office market have begun to taper off, witnessing a 7% year-over-year decrease. During this same period, class A and class B average asking rates have continued to climb year-over-year. Class A asking rates have seen a \$0.70 increase from the previous quarter, resulting in a new all-time high of \$53.45 per square foot, while Class B has seen a 2.6% annual growth, rising to \$40.60. With over 765,000 square feet of new office inventory underway, it is anticipated that trophy asking rates will stabilize until economic conditions improve, to increase tenant activity.



Office using job postings spike to start 2024

West Palm Beach's office market has seen a surge of business migration leading to an increase in leasing activity and job postings. Quarter-over-quarter there were over 2,300 office using job postings added to the market. This substantial influx of job opportunities underscores the area's robust economic activity and serves as a sign of confidence for market fundamentals. During the same period, the banking, finance, insurance and real estate sector witnessed a 31.4% increase in job postings and the consulting, research, accounting and recruiting industry experienced a 43.6% spike with over 1,600 postings.



West Palm Beach

Office market snapshot | Q1 2024

Get in touch

Jason Steele
Florida Regional Lead, Market Intelligence
+1 813 314 7808
jason.steele@avisonyoung.com

Nickolas Daly
Market Intelligence Analyst
+1 305 447 7870
nickolas.daly@avisonyoung.com

	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (1Q24)	Net absorption (YTD)	Annual direct asking rent psf FS
Boca Raton	13,097,941	-	-	12.5%	1.2%	13.6%	1.7%	10,934	10,934	\$ 44.70
North Palm Beach/Palm Beach Gardens	3,848,707	-	70,000	6.8%	0.4%	7.3%	(1.0%)	(11,159)	(11,159)	\$ 42.73
Downtown West Palm Beach	3,280,067	-	334,107	13.1%	1.3%	14.3%	(0.4%)	52,224	52,224	\$ 80.41
West Palm Beach	3,182,839	-	270,000	11.3%	0.8%	12.1%	-	5,170	5,170	\$ 39.20
Delray Beach	1,110,610	-	90,903	10.2%	3.4%	13.6%	3.8%	(28,548)	(28,548)	\$ 39.82
Jupiter	1,088,837	-	-	6.6%	0.0%	6.6%	(2.6%)	1,528	1,528	\$ 39.83
Royal Palm Beach/Wellington	793,905	-	-	2.6%	0.3%	2.9%	(0.9%)	4,801	4,801	\$ 38.66
Boynton/Lantana	785,887	-	-	1.0%	0.0%	1.0%	(2.5%)	6,749	6,749	\$ 35.61
Palm Beach	609,483	-	-	10.6%	0.0%	10.6%	2.1%	(10,784)	(10,784)	\$ 82.37
Palm Springs/Lake Worth	602,528	-	-	18.6%	8.8%	27.4%	4.4%	19,034	19,034	\$ 40.63
Market total	28,400,804	-	765,010	10.8%	1.2%	12.0%	0.7%	49,949	49,949	\$49.00

Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Dycom	300 Banyan Blvd	43,673	New	Direct
AmWins	1395 University Blvd	16,139	New	Direct
Sachs, Sax, Caplan Law	6111 Broken Sound Pky	14,597	Renewal	Direct
CellCo	4950 Communications Ave	12,965	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
New York University*	324 Datura St	\$33,000,000	\$498	Morning Calm Mgmt

Note : * Sold as a redevelopment project

Source: AVANT by Avison Young, CoStar

