

West Palm Beach

Office market snapshot | Q2 2024

During the second quarter of 2024, the West Palm Beach office market conditions have remained resilient. Leasing activity slowed, reaching 480,000 square feet, job growth remained positive with a 1.7% increase year-over-year, and just under 800,000 square feet of new office inventory is currently under construction.

\$50.59

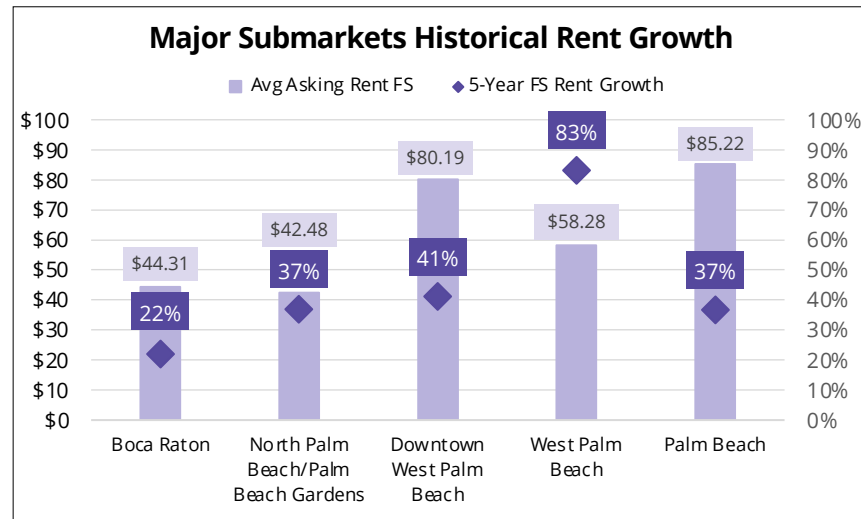
Over the past 5-years, the West Palm Beach average full-service asking rate has increased 30.6%, to \$50.59 per square foot.

≤ 12 Mo

Year-over-year, there has been a 10% increase in executed leases with a 12 month or less term.

787K Sf

West Palm Beach's office market currently has over 787k square feet of new office inventory under construction.



West Palm Beach's office market has experienced robust rent growth over the past 5-years reaching \$50.59 per square foot (psf) full-service, achieving a remarkable 30.6% increase since 2019. The surge in rent growth is driven by the new construction projects that are delivering top quality buildings full of amenities.

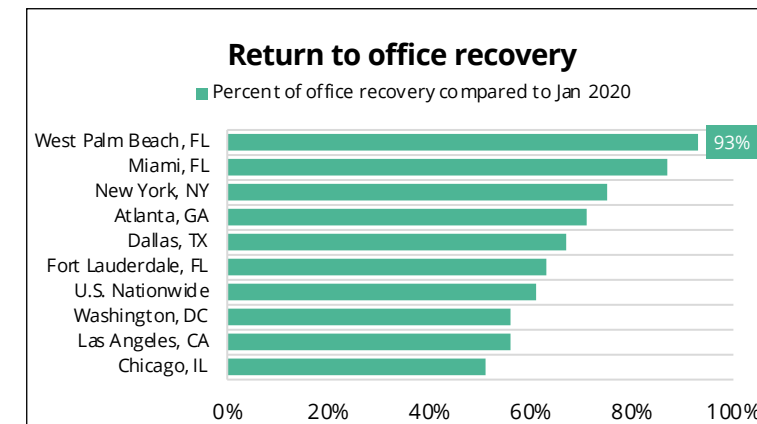
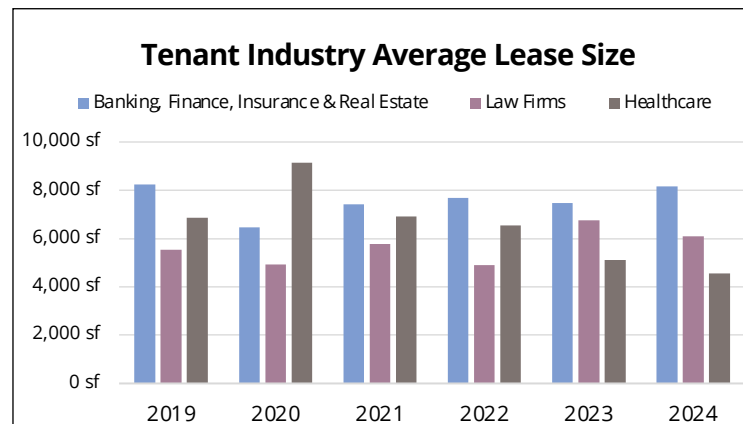
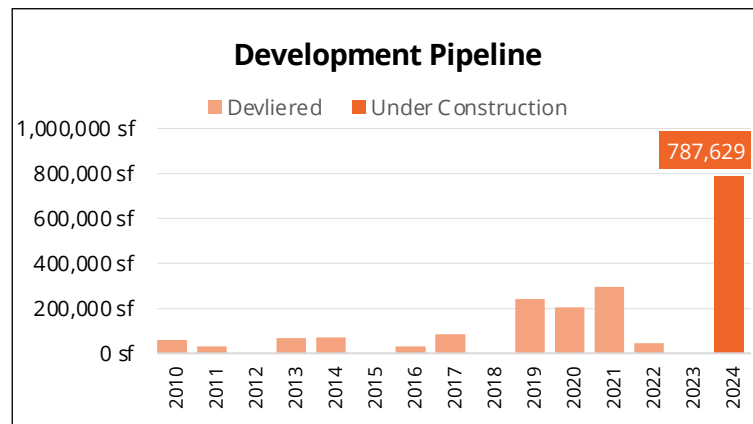
Source: AVANT by Avison Young, CoStar, U.S. Bureau of Labor Statistics



Office tenant demand in West Palm Beach has shifted towards shorter lease terms, with a preference for terms under three years. This shift results from smaller tenants preferring shorter leases and companies' insecurity about future economic conditions.

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A new wave of office development on the horizon

The next wave of new office product is expected to deliver this year with over 695,000 square feet nearing completion. The market has become a financial hub in the south, attracting a number of banking, finance, real estate & insurance. The newest and best in class buildings classified as trophy assets hold the lowest vacancy rate of 4.3% and limited top quality supply is applying upward pressure on asking rents. The under-construction inventory is 81% pre-leased as demand continues to outpace supply.

Lease size comparison by top tenant industries

West Palm Beach's top three tenant industries are banking, finance, insurance and real estate; law firms; and healthcare companies, accounting for roughly 50% of the total market composition. In the first half of 2024, banking, finance, insurance, and real estate companies represented 26% of leasing activity, marking a 3% increase from the same period in 2023. Additionally, the average lease size within the banking sector has grown by 8.9% this year. Law firms have accounted for 12% of total leasing activity in 2024 as the third largest industry presence, while their average lease size has decreased by 9.7%.

Office foot traffic returns to normal

Since January 2020, major cities nationwide have been working to increase their office visitation rates back to pre-pandemic levels and West Palm Beach has been leading the charge with a remarkable 93% recovery rate. Year-over-year, office recovery increased 10%, indicating companies are continuing to prioritize return to office strategies.

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Location	Existing inventory sf	Deliveries sf (YTD)	Under development sf	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (2Q24)	Net absorption (YTD)	Annual direct asking rent psf FS
Boca Raton	13,097,941	-	22,619	13.0%	1.4%	14.4%	-	(71,487)	(91,058)	\$44.31
North Palm Beach/Palm Beach Gardens	3,848,707	-	70,000	7.0%	0.5%	7.5%	(1.2%)	(9,676)	(20,835)	\$42.48
Downtown West Palm Beach	3,280,067	-	334,107	14.3%	1.4%	15.6%	(2.6%)	(49,924)	(5,585)	\$80.19
West Palm Beach	3,182,839	-	270,000	10.3%	0.7%	11.0%	(0.9%)	33,960	39,130	\$58.28
Delray Beach	1,110,610	-	90,903	10.4%	3.9%	14.3%	2.4%	(6,923)	(35,471)	\$41.45
Jupiter	1,088,837	-	-	6.0%	0.0%	6.0%	(0.3%)	6,028	7,556	\$38.43
Royal Palm Beach/Wellington	793,905	-	-	2.9%	0.1%	3.0%	(0.9%)	(1,362)	3,439	\$38.66
Boynton/Lantana	785,887	-	-	1.7%	0.0%	1.7%	(0.7%)	(5,804)	945	\$25.63
Palm Beach	609,483	-	-	12.3%	0.0%	12.3%	3.3%	(10,235)	(21,019)	\$85.22
Palm Springs/Lake Worth	602,528	-	-	17.3%	8.8%	26.0%	3.6%	8,281	27,315	\$47.14
Market total	28,400,804	-	787,629	11.2%	1.3%	12.5%	(0.2%)	(107,142)	(-95,583)	\$50.59

Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Geosyntec Consultants	777 Yamato	25,532	New	Direct
Bessemer Venture Partners	154 Lakeview Ave	19,787	New	Direct
Welco Track Services	5300 Broken Sound Blvd NW	18,500	New	Direct
AmeriHealth	11631 Kew Gardens Ave	15,386	Renewal	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Bark Management	5255 & 5301 N Federal Hwy	\$15,680,000	\$168	Widger Group