

West Palm Beach

Office market snapshot | Q3 2024

In the third quarter, the West Palm Beach office market experienced stabilized rental rates, continued tenant demand for trophy spaces, and a slowdown in leasing activity. Net migration in Palm Beach County has slowed, mirroring trends seen in many major cities across Florida. Large block availabilities continue to be a challenge but vary by submarket.

215k sf

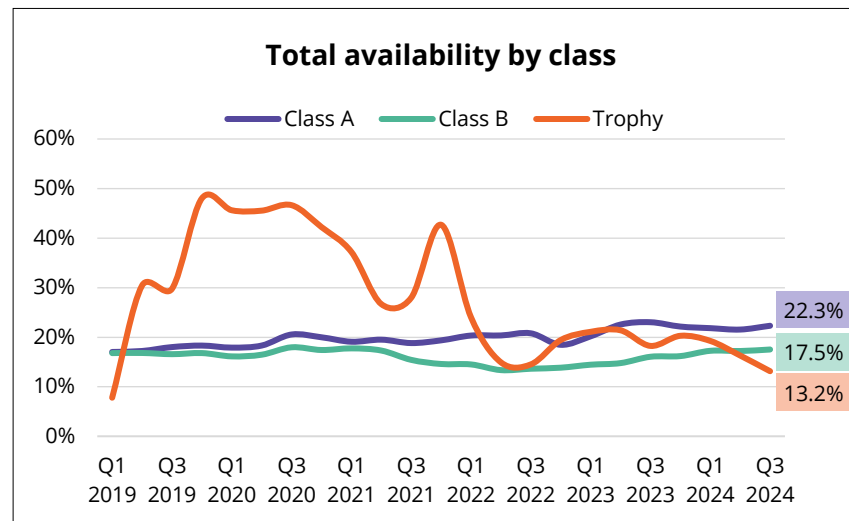
Available trophy office space decreased to only 215,000 square feet.

\$48.70 psf

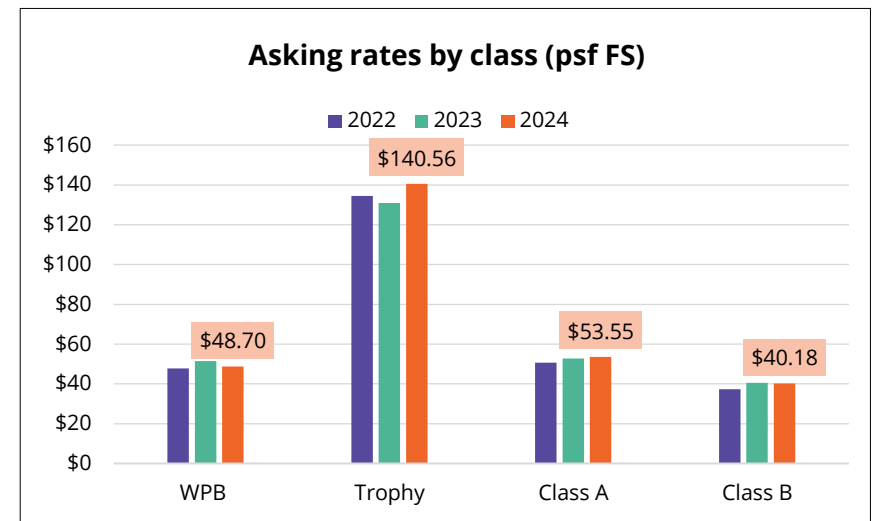
Office asking rates dipped just slightly for the first time in years as tenant demand stabilizes.

426k sf

Leasing activity slowed, with just over 426,000 square feet leased this quarter.



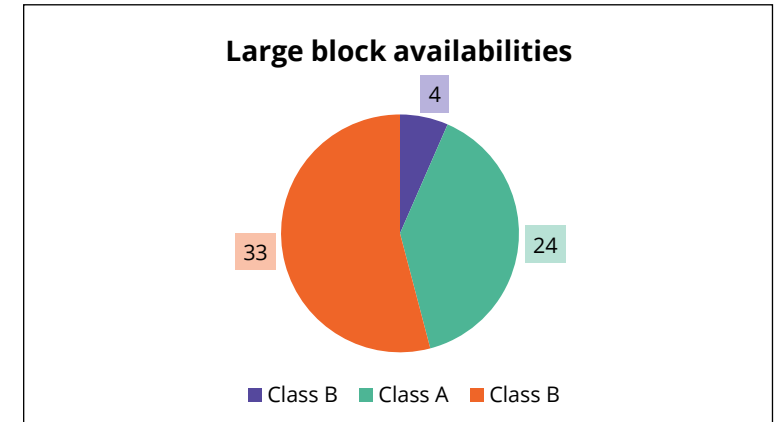
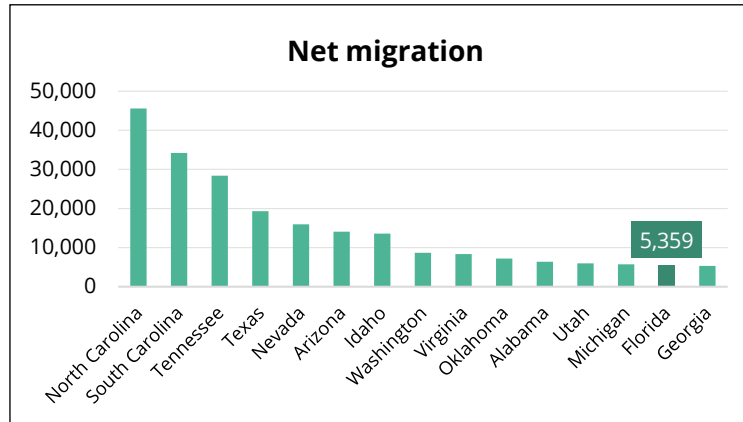
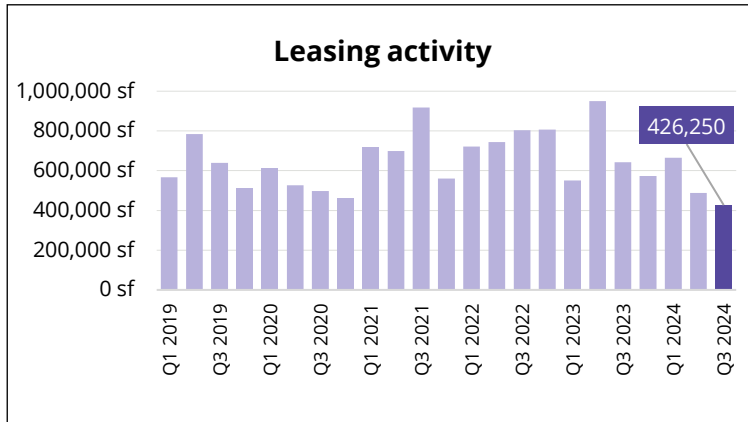
The flight-to-quality trend continues in West Palm Beach, with tenant demand still focused on top-tier trophy buildings. Availability in these properties stands at 13.2%, or approximately 215,000 square feet. As trophy space becomes scarce, demand is expected to shift toward high-quality class A buildings, which currently have a 22.3% availability rate, totaling 2.2 million square feet.



Office asking rates have softened for the first time in years, dropping 5% year over year to \$48.70 per square foot full service. Despite this trend, trophy properties continue to achieve premium rates, reaching \$140 per square foot—a 7% increase. Meanwhile, both class A and class B asking rates have stabilized, with class A rates rising by 1% and class B rates decreasing by 1% over the last year.

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Tenant activity slows along with smaller deal sizes

Leasing activity slowed in the third quarter, with just 426,000 square feet leased. About 94% of these transactions were under 10,000 square feet, reflecting continued demand for smaller spaces. Notable deals during the quarter include Venture X leasing 28,000 square feet at 1489 Palmetto Park Rd and Digital Risk renewing 26,000 square feet at 5201 Congress Ave. Many tenants are holding off on larger commitments, awaiting clearer economic signals after the election and the start of the new year.

State-to-state migration

The migration of talent is leading to the rise of new business hubs, as professionals seek affordability, flexibility, and career growth outside of major cities. As of August, Florida ranked 14th in population net migration among U.S. states, while North Carolina, South Carolina, and Tennessee were the top three destinations. Palm Beach County, however, has seen a decline in net migration over the last 12 months, with more people leaving than arriving. West Palm Beach experienced a net loss of 2,900 people, and Boca Raton saw a net loss of 4,400 people. Delray Beach was a notable exception, with a net gain of 1,400 people. Factors such as cost of living, climate, local policies, and the rise of remote work continue to impact these trends.

Large blocks continue to be a challenge

At the end of the third quarter, the market had 61 large block availabilities totaling 2.27 million square feet, an 11% decrease year over year. Of these, 41 are located in the Boca Raton submarket, accounting for 1.56 million square feet. In contrast, Downtown West Palm Beach has only four large block availabilities. Class A large block availabilities have decreased slightly year over year by four blocks, while the number of trophy and class B large blocks has either remained stable or slightly increased.

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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 (3Q24)	Net absorption (YTD)	Annual direct asking rent psf FS
Boca Raton	13,407,941	-	22,619	14.2%	1.4%	15.6%	1.9%	(56,011)	(266,657)	\$44.32
North Palm Beach/Palm Beach Gardens	3,814,948	-	70,000	8.7%	0.4%	9.1%	(0.8%)	15,459	(40,429)	\$42.17
Downtown West Palm Beach	3,280,067	-	334,107	14.2%	1.3%	15.4%	(2.1%)	30,191	20,909	\$76.31
West Palm Beach	3,114,681	-	270,000	10.8%	0.8%	11.7%	0.5%	(35,001)	24,830	\$52.96
Jupiter	1,088,837	-	-	6.8%	0.0%	6.8%	(4.8%)	(8,263)	(707)	\$38.05
Delray Beach	1,063,848	-	90,903	10.1%	3.8%	13.9%	5.8%	10,718	(24,753)	\$44.26
Royal Palm Beach/Wellington	793,905	-	-	2.3%	0.1%	2.5%	(0.6%)	4,690	8,129	\$38.98
Boynton/Lantana	785,887	-	-	1.7%	0.2%	1.9%	(0.8%)	(1,332)	(387)	\$20.24
Palm Beach	609,483	-	-	11.5%	0.0%	11.5%	3.1%	4,702	(16,317)	\$81.95
Palm Springs/Lake Worth	602,528	-	-	14.0%	0.0%	14.0%	(9.4%)	13,932	41,247	\$39.81
Market total	28,562,125	-	787,629	11.9%	1.1%	13.0%	0.5%	(20,915)	(254,135)	\$48.70

Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
Venture X	1489 W Palmetto Park Rd	28,545	New	Direct
Digital Risk	5201 Congress Ave	26,756	Renewal	Direct
Lytal Reiter Smith Ivey & Fronrath	4300 Design Center Dr	19,593	New	Direct
Golden Tree	180 Lakeview Ave	17,448	New	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
Gatsby Enterprises	1 Town Center Rd	\$82,000,000	\$319	Prime US REIT
Schmier Property Group	5550 Glades Rd	\$32,000,000	\$387	Karl Corporation
Publix	9897 Lake worth	\$9,770,440	\$401	PGIM
Stanley Drinkard	7789 NW Beacon Square Blvd	\$5,600,000	\$270	Caron Renaissance