



Palm Beach County Office Market

The Palm Beach vacancy rate closed the first quarter at 11.7%, down 10 basis points from last quarter and 20 basis points from last year. Coinciding with the slight decline in vacancy rates was positive absorption of 4,834 square feet.

Average asking rents in the Palm Beach County office market increased by \$1.01/SF quarter over quarter, closing at \$40.90/SF. Class A rents quote at a 19.7% premium to the market average, with the most expensive price points coming in the West Palm Beach CBD, with Class A asking rents of \$85.24/SF.

Palm Beach vacancy ticked down by 10 basis points quarter over quarter, to 11.7%. Palm Beach and Royal Palm Beach/Vellington submarkets maintained the lowest vacancy rates at 2.2% and 2.6%, respectively.

Approximately 527,000 square feet remains under construction across the market. The biggest project is the Related Companies' One Flagler mixed-use development.

Leasing and Demand

Leasing activity increased by a modest 7,000 square feet quarter over quarter. However, 37 more transactions were finalized this quarter as compared with the last. Overall velocity totaled 742,355 square feet, just 0.8% below the five-year average of 748,488 square feet leased per quarter.

Vertical Bridge signed the largest deal in Palm Beach this quarter, taking 38,474 square feet in Sundy Village. Following the Vertical Bridge deal was a government lease for 28,378 square feet in West Palm Beach. Marsh & McLennan renewed its space at 4400 PGA Blvd. for 16,468 square feet.

Investment Sales

The Palm Beach investment sales market was active in the first quarter of 2023, with three large transactions executed. One of the largest deals completed was Oak Lane Partners' purchase of 791 Park of Commerce for \$20.0 million. Boca Raton was also home to another large deal, as 1095 Broken Sound Pkwy. sold for \$10.9 million. In West Palm Beach Suburban, Everglades College purchased 2081 Vista Pkwy. for \$12.0 million, at \$219/SF.

Current Conditions

Palm Beach County's absorption posted positive for the second straight quarter, as vacancy ticked down 10 basis points from last quarter.

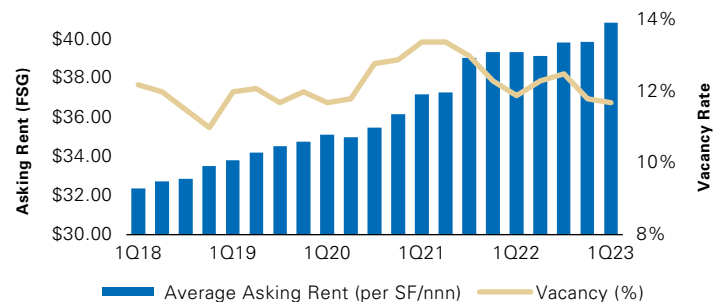
Overall asking rents increased by 2.5% quarter over quarter, closing at \$40.90/SF.

Leasing activity was somewhat stable, closing the first quartet at roughly three quarters of a million square feet, in line with the long-term average.

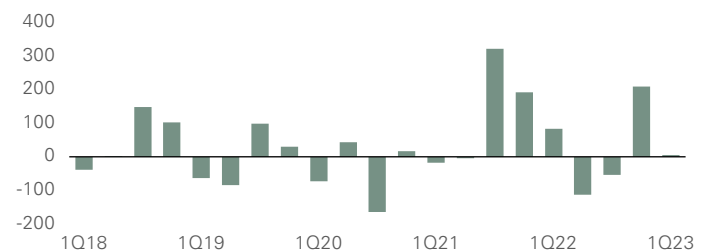
The investment sales market was active, with 13 deals spanning 276,332 square feet finalized for a total of \$53 million through February.

Market Analysis

ASKING RENT AND VACANCY RATE



NET ABSORPTION (100,000 SF)



Market Summary

	Current Quarter	Prior Quarter	Year Ago Period	12-Month Forecast
Total Inventory (SF)	27.2M	27.1M	27.1M	↑
Vacancy Rate	11.7%	11.8%	11.9%	↑
Quarterly Net Absorption (SF)	4,834	208,253	82,186	↑
Average Asking Rent/SF	\$40.90	\$39.89	\$39.37	↑
Under Construction (SF)	527,000	527,000	210,000	↔
Deliveries	0	0	0	↑

Palm Beach County Submarket Statistics

	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Class A Asking Rent (Price/SF)	Class B Asking Rent (Price/SF)	Overall Average Asking Rent (Price/SF)
W Palm Beach CBD	2,722,257	487,000	8.9 %	-9,510	-9,510	\$85.24	\$56.71	\$75.93
Boca Raton	13,128,855	-	12.5 %	23,628	23,628	\$44.98	\$33.17	\$40.39
Boynton/Lantana	572,398	-	5.5 %	1,237	1,237	-	\$22.09	\$23.22
Delray Beach	1,273,846	-	5.8 %	4,724	4,724	-	\$31.05	\$31.05
Jupiter	558,199	40,000	16.7 %	-6,741	-6,741	\$27.00	\$29.03	\$27.45
N Palm Bch/Palm Bch Gardens	3,909,035	-	12.0 %	5,548	5,548	\$45.36	\$30.47	\$35.90
Palm Beach	672,706	-	2.2 %	-8,034	-8,034	-	\$86.70	\$87.31
Palm Springs/Lake Worth	269,800	-	6.8 %	-5,660	-5,660	-	\$28.49	\$28.49
Royal Palm Bch/Wellington	415,640	-	2.6 %	-5,849	-5,849	-	\$37.25	\$32.77
W Palm Beach Suburban	3,629,553	-	16.4 %	5,491	5,491	\$45.38	\$28.64	\$33.73
Suburban Total	24,430,032	40,000	12.1 %	14,344	14,344	\$44.35	\$31.67	\$37.83
Totals	27,152,289	527,000	11.7 %	4,834	4,834	\$48.77	\$33.02	\$40.90

Palm Beach County Lease/User Transactions

Tenant	Submarket	Building	Type	Square Feet
Vertical Bridge	Delray Beach	Sundy Village, Buildings 1-3	Direct	38,474
State of Florida Department of Financial Services	W Palm Beach Suburban	400 N Congress	Direct	28,378
Marsh & McLennan Agency	N Palm Bch/Palm Bch Gardens	4400 PGA	Renewal	16,468

Palm Beach County Select Sale Transactions

Buyer/Seller	Submarket	Building	Sale Price	Price/SF
Oak Lane Partners / Commercial Financial Management	Boca Raton	791 Park of Commerce	\$20.0M	\$127
Allen Cheiminsky / Andrew Shader	Boca Raton	1095 Broken Sound	\$10.8M	\$179
Everglades College / Keenan Development	W Palm Beach Suburban	2081 Vista	\$12.0M	\$219