



## Palm Beach Office Market

Demand growth held consistent from the previous quarter as Palm Beach's office sector continued to lead the region with another 154,000 square feet of absorbed space. The county's office sector had the least impact from the pandemic and saw vacancy continue to drop. The area still has the lowest vacancy rate in all of South Florida. Overall vacancy dipped another 60 basis points from the previous quarter. The Class B segment held the number-one spot in demand, with approximately 89,000 square feet of positive net absorption. Trailing close behind, the Class A sector recorded 64,000 square feet of absorbed space and continued to see the strongest improvement from this time last year and after experiencing the strongest corrections from the pandemic. Lower-tier Class C space saw a return to stabilization between supply and demand, with a modest 1,500 square feet of positive absorption. No new buildings broke ground or were completed as construction activity remained level. The disciplined approach to new development should continue to aid the office market as 360 Rosemary, Palm Beach's newest office building totaling 300,000 square feet, was over 83% leased, as well. Plans for new Class A buildings in key submarkets are in the works and could begin as soon as the end of 2022.

Landlords continued to increase asking rents, but the rate of growth appeared to be slowing with the overall average, rising by 4.2% from the \$37.11/SF average recorded one year ago. This dropped Palm Beach County in year-over-year asking rent growth to the second position behind Miami-Dade and can be attributed to the decreased availability of high-end trophy space in key submarkets. The Class A average rate increased by \$0.52/SF from one year ago, while the Class B segment increased by \$0.80/SF from this time last year to \$32.03/SF. Notably, the Class C segment saw the most dramatic increase in the overall average, increasing by \$6.26/SF as landlords appeared to push up asking rents as a market correction from the higher demand seen as a result from the pandemic.

### Leasing Activity

Leasing activity saw a slight uptick from the fourth quarter of 2021, with 593,000 square feet of transaction activity. This was slightly down from the 617,000 square feet leased at the close of the first quarter of 2021. Class A office held on to the lead for most activity, with over 310,000 square feet, while the Class B segment followed, with 273,000 square feet of lease deals. Medical companies took the top spot in midsize to large lease deals, with 120,000 square feet signed, while the financial industry moved into the number-two spot, with 108,00 square feet. Real estate companies moved into third, with approximately 67,000 square feet of lease deals signed.

### Investment Sales

Sale volume held level from the previous quarter with 15 sales, totaling over 1.1 million square feet for a combined total of \$376.4 million during the first quarter of 2022. Palm Beach continued to dominate the region in investment office sales as this was almost double from the 560,000 square feet sold during the same period one year ago. The average price per square foot dropped to \$325/SF from the \$562/SF seen this time last year and can be attributed to the high-end portfolio sale which took place during the first quarter of 2021, which shot up the sale price average.

### Current Conditions

Palm Beach continued to experience the fewest impacts from the global pandemic as vacancy continued its trajectory downward.

Although average rental rates continued to climb upward at record levels, the rate of growth appears to be slowing from recent quarters.

The office sector has held the lowest vacancy in South Florida for the fifth consecutive quarter.

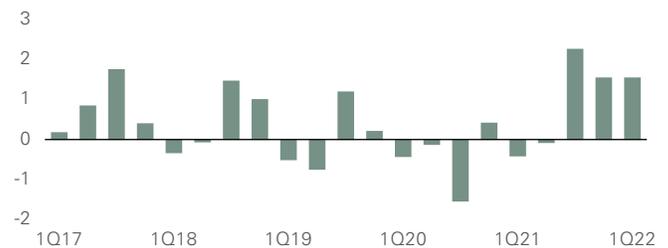
Leasing activity and sales activity held consistent from recent quarterly performances as market fundamentals continue to tighten throughout the county.

### 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)	25.6M	25.6M	25.3M	↑
Vacancy Rate	11.7%	12.3%	12.7%	↓
Quarterly Net Absorption (SF)	154,063	154,566	42,603	↑
Average Asking Rent/SF	\$38.65	\$38.39	\$37.11	↑
Under Construction (SF)	210,000	210,000	510,000	↑
Deliveries	0	0	0	↓

## Palm Beach 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)
<b>W Palm Beach CBD</b>	<b>2,724,847</b>	<b>210,000</b>	<b>15.9 %</b>	<b>68,286</b>	<b>68,286</b>	<b>\$67.80</b>	<b>\$51.43</b>	<b>\$63.10</b>
Boca Raton	11,624,421	0	11.8 %	-6,394	-6,394	\$41.25	\$31.38	\$37.10
Boynton/Lantana	712,398	0	6.2 %	-2,187	-2,187	N/A	\$21.37	\$22.02
Delray Beach	1,158,308	0	9.1 %	7,740	7,740	N/A	\$27.99	\$27.21
Jupiter	596,332	0	5.0 %	-1,022	-1,022	\$38.00	\$26.98	\$34.08
N Palm Bch/Palm Bch Gardens	3,740,937	0	10.4 %	7,674	7,674	\$43.68	\$28.89	\$37.21
Palm Beach	822,706	0	8.5 %	8,366	8,366	N/A	\$64.31	\$62.69
Palm Springs/Lake Worth	238,131	0	1.2 %	4,223	4,223	N/A	\$25.82	\$25.82
Royal Palm Bch/Wellington	304,640	0	1.8 %	5,344	5,344	N/A	\$38.50	\$26.36
W Palm Beach Suburban	3,679,553	0	14.7 %	62,033	62,033	\$40.41	\$30.73	\$34.72
<b>Suburban Total</b>	<b>22,877,426</b>	<b>0</b>	<b>11.2 %</b>	<b>85,777</b>	<b>85,777</b>	<b>\$41.45</b>	<b>\$31.51</b>	<b>\$36.56</b>
<b>Totals</b>	<b>25,602,273</b>	<b>210,000</b>	<b>11.7 %</b>	<b>154,063</b>	<b>154,063</b>	<b>\$44.24</b>	<b>\$32.49</b>	<b>\$38.65</b>

## Palm Beach Lease / User Transactions

Tenant	Building	Submarket	Type	Square Feet
Unified Physicians Management	Midtown Place-1751 N Military Trl	Boca Raton	New	120,000
Polen Capital Management	Lynn Financial	Boca Raton	Renewal	42,277
Industrious	Esperante Corporate Ctr-222 Lakeview Ave	W Palm Beach CBD	New	27,128
SROA Capital LLC	The Press-2751 S Dixie Hwy	W Palm Beach Suburban	New	25,867
QEP Company INC	The Park @ Broken Sound-1001 NW Broken Sound Pkwy	Boca Raton	Renewal	20,500

## Palm Beach Select Sale Transactions

Building	Submarket	Sale Price	Price/SF	Square Feet
Boca Center Portfolio Sale-1800 N Military Trl	Boca Raton	\$171,500,000	\$455	377,232
Fairway Office Ctr Portfolio-7111 Fairway Dr	N Palm Bch/Palm Bch Gardens	\$35,000,000	\$361	224,663
Forum Portfolio-1655 Palm Beach Lakes Blvd	W Palm Beach Suburban	\$29,250,000	\$158	185,029
Reflections I&II Portfolio-450 S Australian Ave	W Palm Beach Suburban	\$35,000,000	\$271	129,523