

FIGURES | WEST PALM BEACH OFFICE | Q4 2025

# Healthy Tenant Demand and Strong Construction Pipeline for Future Growth

▼ 15.7%

Total Vacancy Rate

▲ 101,000

SF Quarterly Net Absorption

▲ 1,011,700

SF Construction

▼ \$35.85

NNN / Lease Rate

Note: Arrows indicate change from previous year.

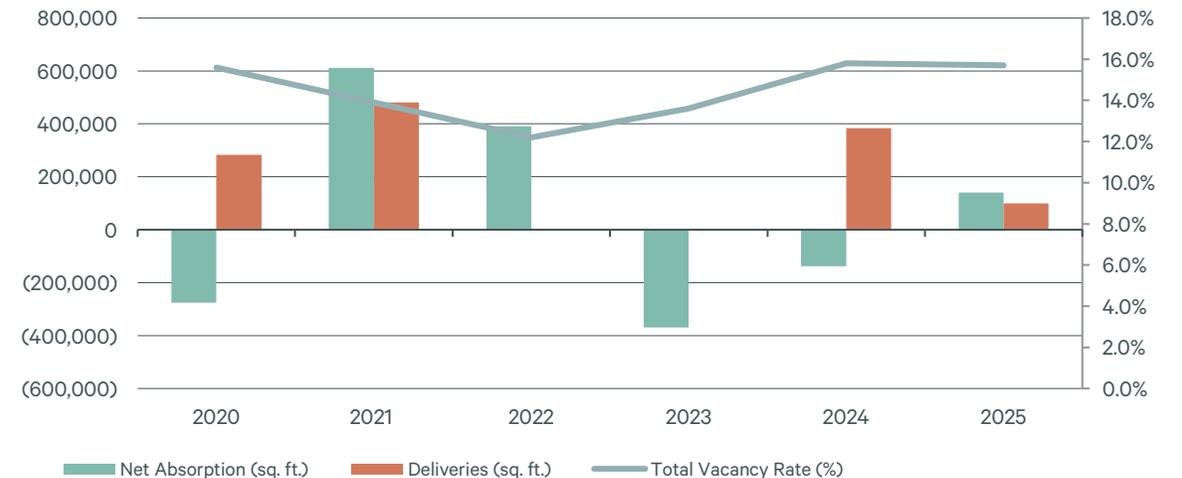
## OVERVIEW

- Strong positive absorption of 101,700 square feet – the only South Florida office market to close positive.
- Overall rent growth was slightly negative as a direct result of the continued flight to quality; the most expensive submarkets continue to see premium space availability decline .
- Aletto broke ground in Boca Raton (111,900 square feet) this quarter. It is the first groundbreaking in Boca Raton since 2200 Butts (32K square feet) was delivered in 2011 and the first project over 100K square feet since Lynn Financial in 2009.

The Palm Beach Office market recorded positive absorption in Q4 2025, totaling 101,000 square feet, an indication of healthy tenant demand in Palm Beach County. North County properties led the way with 68,500 square feet of positive absorption this quarter and 110,200 square feet in 2025. South County also saw positive absorption, though on a smaller scale, with 32,600 square feet absorbed in Q4 and 30,100 square feet total in 2025.

Direct vacancy for Class A in the CBD stands at 10.9% this quarter and 9.2% for the Trophy set. This is slightly elevated because of 300 Banyan which still has considerable space listed on the market. When that building is removed, direct vacancy for the Class A CBD falls to 9.1% and for the Trophy set 6.2%. This validates a significant scarcity of high-end space in the CBD even with nearly 700K square feet of space that has been delivered since 2020. This is similar in Delray which is currently listing direct vacancy of 15.4% but it falls to 10.5% when Sundry Village which is largely pre-leased is removed.

FIGURE 1: Historical Absorption, Deliveries and Vacancy



Source: CBRE.com

## DEMAND

The demand trends for office space in Palm Beach County reflect a flight to quality. In West Palm CBD alone, Class A properties recorded 242,400 square feet of positive absorption in 2025. This can be heavily attributed to the occupancy of tenants at One Flagler; most of these leases were signed between 2021-2024. While One Flagler did close the year with the strongest building level absorption there was diversity after that across the county. Only two of the top 10 buildings for positive absorption were in the CBD this year. Seven buildings in the top 10 for positive absorption were in the combined Boca Raton submarkets, and one in Delray.

## SUBLEASE

Sublease availability in Palm Beach County stands at 2.4% in Q4 2025, totaling 533,000 square feet on the market. This marks a significant decrease of 38.2% from the peak in Q1 2024 when 862,400 square feet available were available for sublease. South County, has seen the most notable improvement. Currently, South County accounts for 339,700 square feet, or 63.7% of the county’s sublease space. This is down from 650,500 square feet, when South County represented 75.4% of the total share in Q1 2024. North County, which was not as impacted by subleasing during Covid, has seen a more modest decline. Sublease availability there has decreased by 70 basis points from its Q2 2024 peak of 2.7% to 2.0% today.

## PRICING

Average asking rents are currently \$35.85 per square foot, reflecting a 32.7% increase over the past five years. Rent growth at a county level has declined slightly year-over-year; falling \$0.88 per square foot. However, at a submarket level all submarkets except for the two most expensive, West Palm Beach CBD and Palm Beach, have seen annual increases. Further, the decline in these two submarkets is due to less space in the most expensive buildings on the market rather than anyone reducing rents.

## Investment

Aletto, a new 111,900 square foot development broke ground in East Boca in Q4. Construction momentum is expected to continue with additional developments in West Palm CBD expected to break ground in 2026. Tech giant ServiceNow recently leased 211,800 square feet SF at 10 CityPlace, a new Related project with groundwork underway that is expected to officially break ground shortly.

Investment volume also picked up in 2025. Notable transactions this year include One Clearlake which sold for \$55.3 million and 205 Datura which sold for \$45.7 million.

FIGURE 2: Statistical Snapshot

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q4 2025 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/NNN)
Delray Beach/ Boynton Beach	730,100	15.4%	19.8%	(2,300)	36,600	50,000	\$ 37.20
East Boca	2,613,000	14.4%	14.9%	5,800	(18,400)	111,900	\$ 34.31
North Boca	5,704,500	20.9%	23.0%	9,500	2,300	-	\$ 30.36
West Boca	3,315,700	11.7%	13.9%	19,500	9,600	-	\$ 40.12
<b>South County Total</b>	<b>12,363,400</b>	<b>16.7%</b>	<b>18.6%</b>	<b>32,600</b>	<b>30,100</b>	<b>161,900</b>	<b>\$ 33.10</b>
Jupiter	539,900	4.0%	4.0%	(1,600)	(5,600)	-	\$ 22.71
Palm Beach	969,600	3.2%	3.7%	(4,200)	(3,300)	-	\$ 84.21
Palm Beach Gardens	2,200,300	4.6%	5.9%	(14,800)	(36,400)	-	\$ 39.51
Suburban West Palm Beach	2,337,000	19.4%	21.6%	(41,200)	(106,500)	-	\$ 24.94
West Palm Beach CBD	3,788,900	11.2%	12.8%	130,300	262,000	849,700	\$ 60.68
<b>North County Total</b>	<b>9,835,600</b>	<b>10.5%</b>	<b>12.0%</b>	<b>68,500</b>	<b>110,200</b>	<b>849,700</b>	<b>\$ 42.32</b>
<b>Total</b>	<b>22,199,000</b>	<b>14.0%</b>	<b>15.7%</b>	<b>101,000</b>	<b>140,300</b>	<b>1,011,700</b>	<b>\$ 35.85</b>

FIGURE 3: Class A West Palm Beach CBD Statistical Snapshot

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q4 2025 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/NNN)
Trophy*	1,934,300	9.2%	11.4%	131,600	229,100	849,700	\$ 97.72
Class A	1,306,700	15.2%	17.0%	(6,500)	13,300	-	\$ 69.82
<b>Total</b>	<b>2,681,500</b>	<b>10.9%</b>	<b>12.5%</b>	<b>125,100</b>	<b>242,400</b>	<b>849,700</b>	<b>\$ 72.47</b>

**Note:** All spaces at 360 Rosemary have been marked as fully occupied as of Q4 2022. One Flagler marked as fully occupied by pre-leased tenants in Q4 2025.

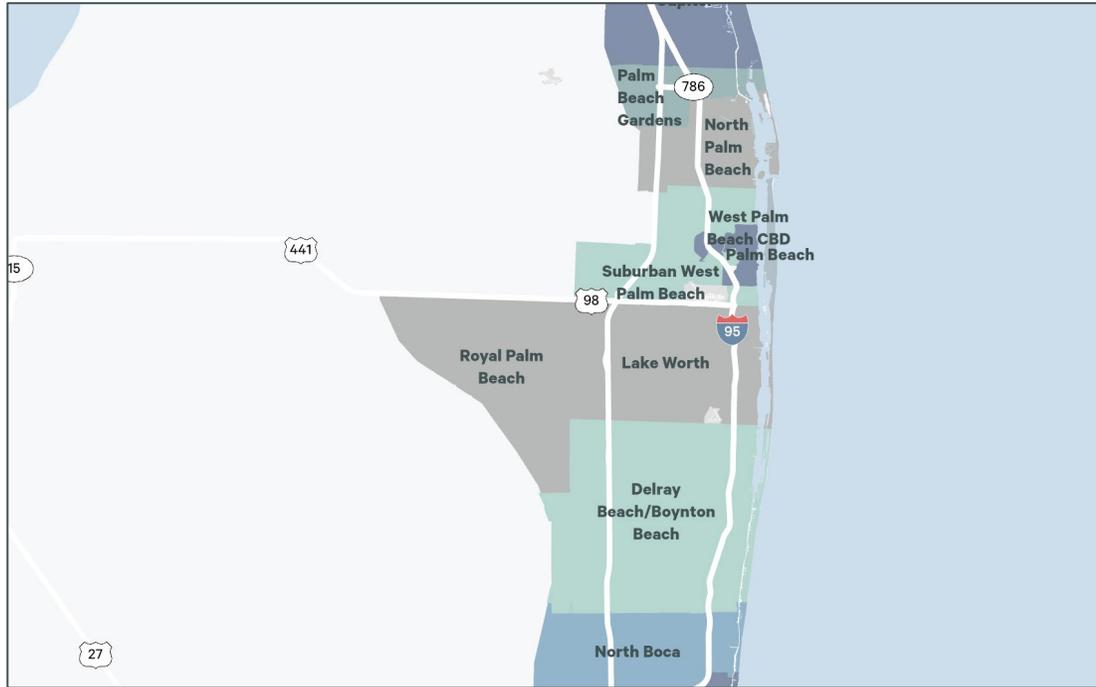
FIGURE 4: Class A

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q4 2025 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/NNN)
Delray Beach/ Boynton Beach	194,400	5.1%	5.1%	-	54,100	50,000	\$ 60.00
East Boca	1,833,800	16.8%	17.4%	(10,500)	(1,300)	111,900	\$ 37.28
North Boca	3,152,100	25.6%	26.5%	(14,600)	29,000	-	\$ 30.84
West Boca	2,210,300	13.8%	16.8%	2,300	17,800	-	\$ 44.47
<b>South County Total</b>	<b>7,390,700</b>	<b>19.3%</b>	<b>20.8%</b>	<b>(22,800)</b>	<b>99,700</b>	<b>161,900</b>	<b>\$ 35.34</b>
Jupiter	149,900	0.0%	0.0%	-	3,000	-	-
Palm Beach	169,700	4.1%	4.1%	(1,700)	(1,700)	-	\$ 90.00
Palm Beach Gardens	1,494,000	4.9%	6.5%	(14,800)	(23,000)	-	\$ 41.65
Suburban West Palm Beach	345,400	11.6%	15.2%	700	14,300	-	\$ 25.73
West Palm Beach CBD	2,681,500	10.9%	12.5%	125,100	242,400	849,700	\$ 72.47
<b>North County Total</b>	<b>4,840,600</b>	<b>8.5%</b>	<b>10.1%</b>	<b>109,300</b>	<b>235,100</b>	<b>849,700</b>	<b>\$ 60.07</b>
<b>Total</b>	<b>12,231,300</b>	<b>15.0%</b>	<b>16.6%</b>	<b>86,500</b>	<b>334,700</b>	<b>1,011,700</b>	<b>\$ 40.80</b>

FIGURE 5: Class B

Submarket	Total Inventory (Sq. Ft.)	Direct Vacancy (%)	Total Vacancy (%)	Q4 2025 Net Absorption (Sq. Ft.)	YTD Net Absorption (Sq. Ft.)	Under Construction (Sq. Ft.)	Avg. Asking Lease Rate (\$/NNN)
Delray Beach/ Boynton Beach	535,700	19.2%	25.1%	(2,300)	(17,400)	-	\$ 35.53
East Boca	779,300	8.9%	8.9%	16,300	(17,100)	-	\$ 24.32
North Boca	2,552,300	15.1%	18.6%	24,100	(26,700)	-	\$ 29.79
West Boca	1,105,400	7.5%	7.9%	17,200	(8,300)	-	\$ 31.31
<b>South County Total</b>	<b>4,972,700</b>	<b>12.9%</b>	<b>15.4%</b>	<b>55,300</b>	<b>(69,600)</b>	<b>-</b>	<b>\$ 29.79</b>
Jupiter	390,000	5.6%	5.6%	(1,600)	(8,600)	-	\$ 22.71
Palm Beach	799,900	3.1%	3.7%	(2,500)	(1,600)	-	\$ 76.90
Palm Beach Gardens	706,300	4.2%	4.5%	-	(13,400)	-	\$ 29.75
Suburban West Palm Beach	1,991,600	20.8%	22.7%	(41,900)	(120,800)	-	\$ 24.86
West Palm Beach CBD	1,107,300	12.0%	13.6%	5,200	19,600	-	\$ 42.66
<b>North County Total</b>	<b>4,995,100</b>	<b>12.5%</b>	<b>13.7%</b>	<b>(40,800)</b>	<b>(124,800)</b>	<b>-</b>	<b>\$ 30.64</b>
<b>Total</b>	<b>9,967,800</b>	<b>12.7%</b>	<b>14.6%</b>	<b>14,500</b>	<b>(194,400)</b>	<b>-</b>	<b>\$ 30.12</b>

**Market Area Overview**



**ECONOMIC OUTLOOK**

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, particularly AI’s sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle.

The picture gets more melancholy when looking at households. Consumer confidence remains weak, with spending reportedly driven by a smaller segment of affluent households. This mosaic of data suggests that annual average GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025. A key catalyst is a softer labor market, as companies are ‘slow to hire, slow to fire’—a trend that is likely to last a few quarters. A consequence of this outlook is softer inflation and long-term bond yields trending just below 4% by H2 2026.

**Contact**

**Susan Bands**

Managing Director  
+1 914 334 5735  
susan.bands@cbre.com

**Marc L. Miller**

Research Director  
+1 305 381 6428  
marc.miller1@cbre.com

**Ilyssa Ettelman**

Research Manager  
+1 954 331 1797  
ilyssa.ettelman@cbre.com

**Elliott Kramer**

Research Analyst  
+1 954 331 1797  
elliott.kramer@cbre.com

**Survey Criteria:** Includes all competitive Class A and Class B office buildings 30,000 sq. ft. and greater in size in Palm Beach County. Beginning Q1 2022, single tenant non-owner-occupied buildings have been added to the set and their inclusion is reflected historically in the data. Excludes: government and medical buildings..

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