

FIGURES | PALM BEACH COUNTY OFFICE | Q1 2026

# Office Market Stabilizes Amid Diverging Class Performance

▼ 15.4%

Vacancy Rate

▼ 27,047

SF Net Absorption

► 0

SF Construction Delivered

▲ 1.5M

SF Under Construction

▲ \$36.73

NNN/YR Direct Lease Rate

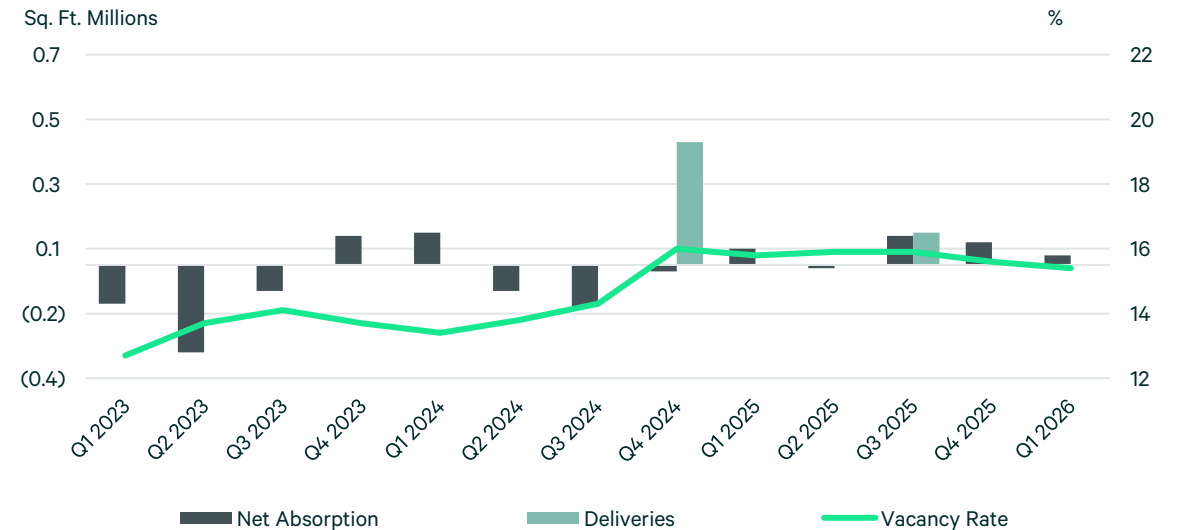
Note: Arrows indicate change from previous quarter.

## Market Overview

In Q1 2026, the Palm Beach office market posted positive net absorption and modestly lower vacancy. Quarterly net absorption measured 27,000 sq. ft., following full-year 2025 net absorption of positive 196,000 sq. ft. versus negative 143,000 sq. ft. in 2024, a 339,000 sq. ft. year-over-year turnaround. Vacancy declined from 16.0% in Q4 2024 to 15.4% in Q1 2026, including a 0.4 percentage-point decrease year-over-year and a 0.2 percentage-point drop quarter-over-quarter, while availability fell 1.1 percentage points year-over-year to 20.1%.

Average asking rents increased modestly. In Q1 2026, they stood at \$36.73 per sq. ft., up 1.5% quarter-over-quarter and 0.3% year-over-year from \$36.64 per sq. ft. Construction activity also expanded: the under-construction pipeline rose from 1.0 million sq. ft. in Q4 2025 to 1.5 million sq. ft. in Q1 2026, as 10 CityPlace broke ground this quarter in West Palm Beach CBD.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

## Vacancy

Total vacancy in Class A buildings was unchanged quarter-over-quarter in Q1 2026 at 16.1%, but stood 210 bps below a year earlier, while total Class B vacancy edged down 30 bps over the quarter to 14.6% yet remained 170 bps above Q1 2025. Direct Class A vacancy measured 14.6%, up 10 bps QoQ and down 200 bps YoY, compared with direct Class B vacancy of 13.1%, 10 bps above last quarter and 180 bps higher year-over-year. Sublease vacancy has converged at 1.5% for both classes, following a 10 bps quarterly decline for Class A and a 40 bps drop for Class B. The resulting Class A–B overall vacancy spread narrowed to 150 bps from 530 bps a year earlier, underscoring a more balanced distribution of vacant space between quality tiers.

Sublease availability totals 483,400 sq. ft. across the county, decreasing by 439% from the post-pandemic peak in Q1 2024 when sublease availability stood at 862,400 sq. ft. As a result, the sublease availability rate dropped to a low 2.2% from 4.1% recorded in Q1 2024. Only two Palm Beach submarkets including North Boca and West Boca have sublease availability over 100,000 sq. ft.

## Asking Rent

The overall average direct asking lease rate in Q1 2026 is \$36.73 per sq. ft., up 1.5% from the prior quarter. Class A office asking rents edged down from \$41.56 per sq. ft. to \$41.25 per sq. ft., a 0.7% decline quarter-over-quarter and a 4.1% decrease year-over-year. This is a result of less premier space on the market rather than reduced asking rents. In contrast, Class B asking rents increased from \$30.19 per sq. ft. to \$31.14 per sq. ft., up 3.1% over the quarter and 10.7% year-over-year.

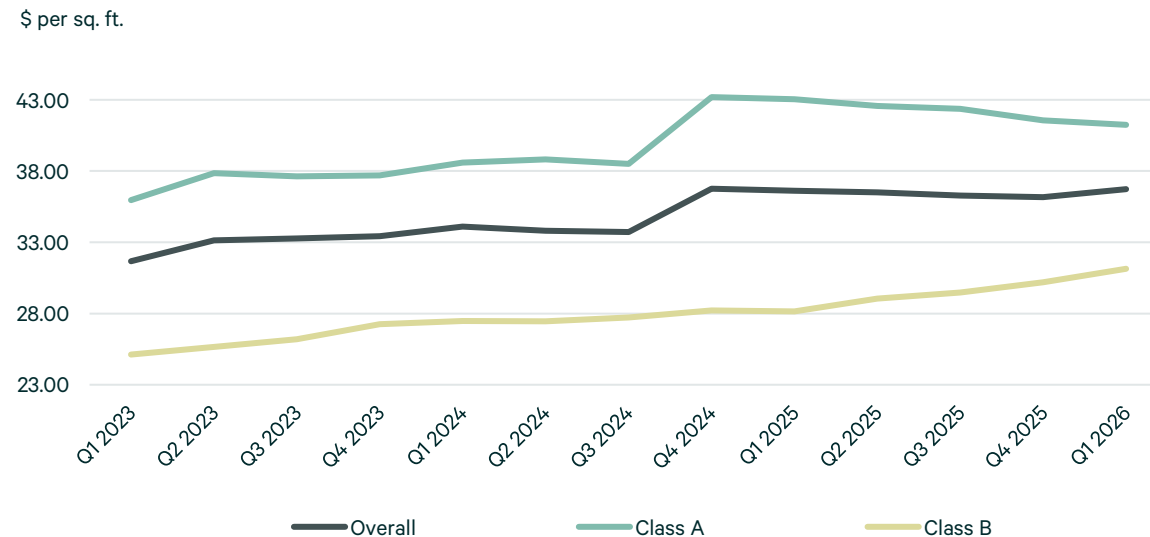
The Palm Beach submarket currently has the highest average direct asking rate on a combined Class A and B basis at \$89.39 per sq. ft., with Class A space reaching \$91.54 per sq. ft. On the low-cost side, Suburban West Palm Beach offers an average combined direct quoted rate of \$25.65 per sq. ft..

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q1 2026

## Net Absorption

Total office net absorption was modestly positive in Q1 2026 at 27,000 sq. ft., below both the 68,000 sq. ft. recorded in Q4 2025 and the 47,000 sq. ft. posted in Q1 2025. Interestingly, this quarter the suburban submarkets led the way for positive absorption in the county, recording a combined positive 49,900 sq. ft. of absorption in Q1 2026. Positive net absorption for Q1 2026 was concentrated primarily in the West Boca and North Boca submarkets with 39,200 sq. ft. positive absorption and 47,900 sq. ft. of positive absorption respectfully.

## Construction Activity

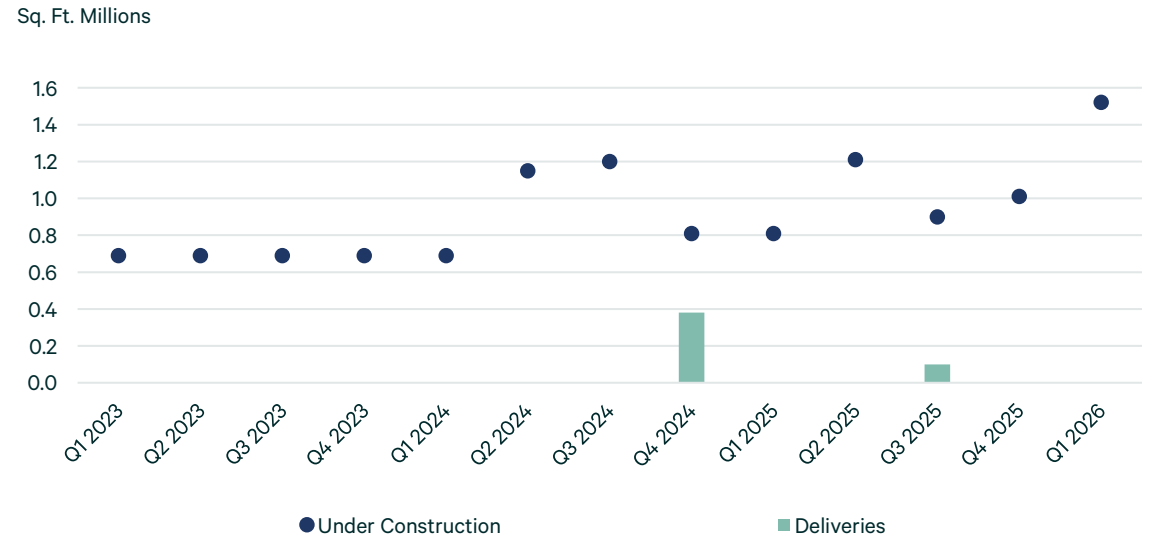
In Q1 2026, the market has 1.5 million sq. ft. under construction, all Class A general office, with no space delivering during the quarter. The pipeline increased by 504,000 sq. ft. from 1.0 million sq. ft. in Q4 2025 and by 703,000 sq. ft. from 813,000 sq. ft. in Q1 2025. The increased construction pipeline was a result of the 504,200 sq.ft. 10 CityPlace breaking ground this quarter.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



Source: CBRE Research, Q1 2026

## Leasing Activity

Leasing activity totaled 331,200 sq. ft. in Q1 2026, while rolling four-quarter volume reached 2.6 million sq. ft. Quarterly demand fell 328,100 sq. ft. or 49.8% from Q4 2025 and 181,800 sq. ft. or 35.5% from Q1 2025, while the latest four-quarter total of 2.6 million sq. ft. stands 603,600 sq. ft. or 30.2% above the same period a year earlier. Class A assets captured 1,747,500 sq. ft., or 67.2% of the past year’s leasing, with Class B space accounting for 853,600 sq. ft., or 32.8%.

By submarket, Q1 2026 leasing was concentrated in West Boca, which recorded 96,300 sq. ft. of transaction activity, while Suburban West Palm Beach and West Palm CBD were the next most active, with 50,400 sq. ft. of deals and 49,300 sq. ft. respectfully.

Figure 6: Leasing Activity Trend

Sq. Ft. Millions



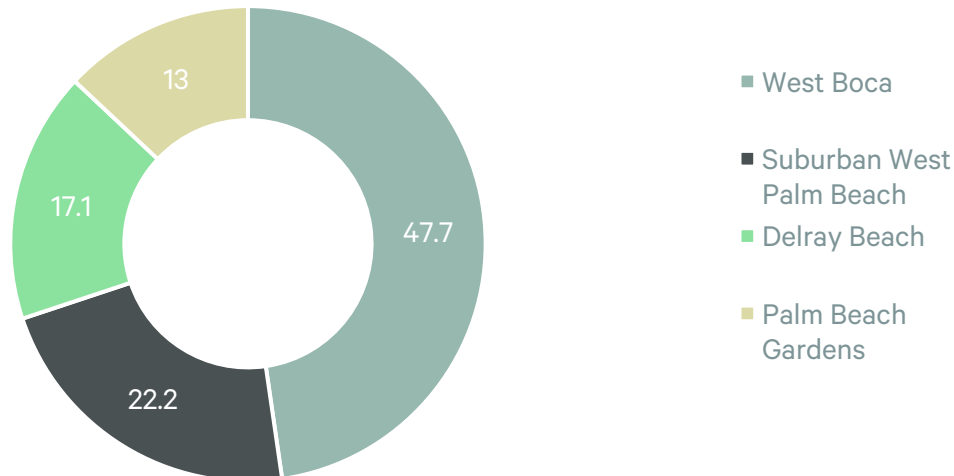
Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Celsius Holdings	25,000	New Lease	2381 NW Executive Center Dr	West Boca
Palm Beach County Sherrif	25,000	Renewal	1665 Palm Beach Lakes Blvd	Suburban West Palm Beach
Laughlin Associates	19,000	New Lease	1625 S Congress Ave	Delray Beach
UBS Financial Services	18,000	Renewal	1800 N Military Trl	West Boca
Meta Power Solutions	15,000	New Lease	11400 N Jog Rd	Palm Beach Gardens
Ryan Specialty	11,000	New Lease	2255 Glades Rd	West Boca

Source: CBRE Research, Q1 2026

Figure 7: Leasing by Submarket (% of Total Activity 10,000 sq. ft. and greater)



Source: CBRE Research, Q1 2026

## Market Statistics

Figure 9: Suburban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)	Avg. Direct Asking Rate (\$/SF NNN/yr)
Class A	9.55	16.9	22.4	19.7	2.7	26,000	26,000	-	162,000	38.26
Class B	8.71	14.7	19.6	18.1	1.6	24,000	24,000	-	-	29.92
<b>Total</b>	<b>18.25</b>	<b>15.9</b>	<b>21.1</b>	<b>18.9</b>	<b>2.2</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>	<b>162,000</b>	<b>34.52</b>

Source: CBRE Research, Q1 2026

Figure 10: Urban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (MSF)	Avg. Direct Asking Rate (\$/SF NNN/yr)
Class A	2.68	13.2	14.4	11.9	2.5	(20,000)	(20,000)	-	1.35	67.81
Prime	0.68	12.4	1.9	1.9	-	-	-	-	-	120.00
Other Class A	2.00	13.5	18.8	15.4	3.4	(20,000)	(20,000)	-	1.35	65.94
Class B	1.11	13.8	17.4	15.8	1.5	(2,000)	(2,000)	-	-	42.51
<b>Total</b>	<b>3.79</b>	<b>13.4</b>	<b>15.3</b>	<b>13.1</b>	<b>2.2</b>	<b>(23,000)</b>	<b>(23,000)</b>	<b>-</b>	<b>1.35</b>	<b>56.75</b>

Source: CBRE Research, Q1 2026

Figure 11: Metro Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (MSF)	Avg. Direct Asking Rate (\$/SF NNN/yr)
Class A	12.23	16.1	20.7	18.0	2.7	5,000	5,000	-	1.52	41.25
Prime	0.68	12.4	1.9	1.9	-	-	-	-	-	120.00

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (MSF)	Avg. Direct Asking Rate (\$/SF NNN/yr)
Other Class A	11.55	16.3	21.8	18.9	2.9	5,000	5,000	-	1.52	40.98
Class B	9.81	14.6	19.4	17.8	1.6	22,000	22,000	-	-	31.14
<b>Total</b>	<b>22.04</b>	<b>15.4</b>	<b>20.1</b>	<b>17.9</b>	<b>2.2</b>	<b>27,000</b>	<b>27,000</b>	<b>-</b>	<b>1.52</b>	<b>36.73</b>

Source: CBRE Research, Q1 2026

## Market Statistics by Submarket

Figure 12

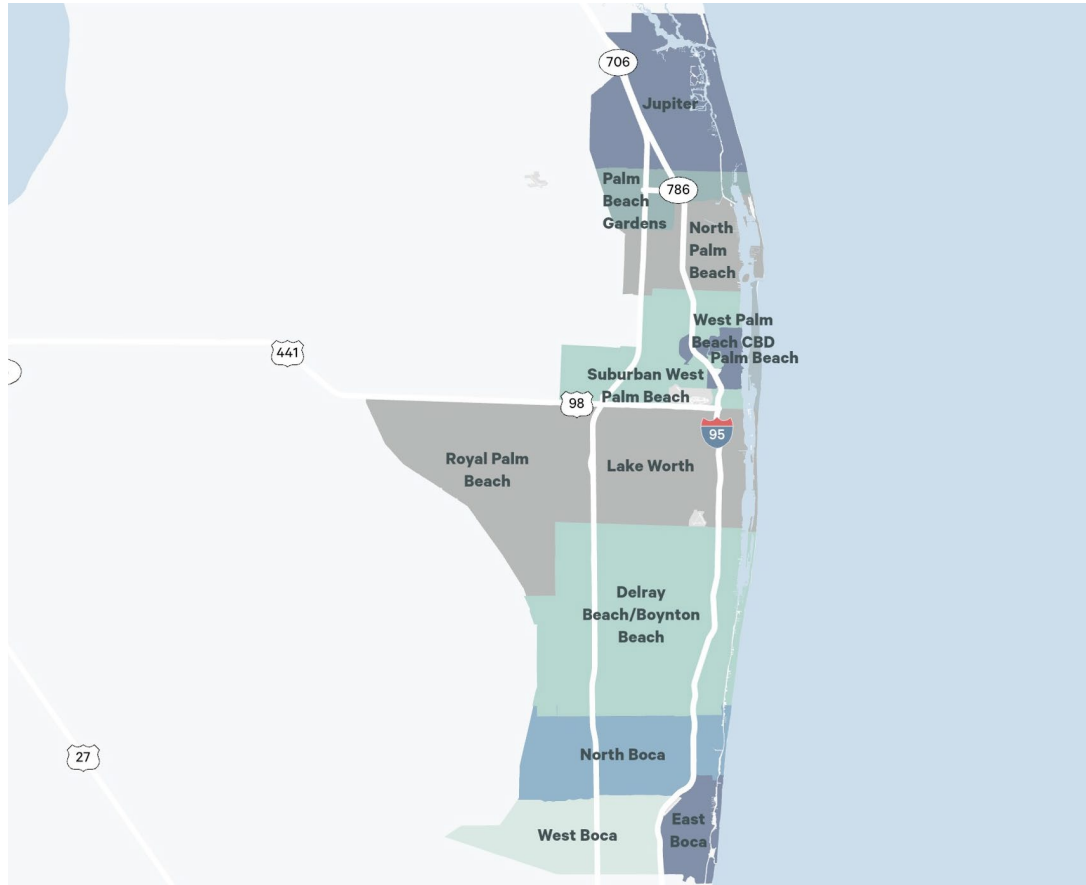
Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (MSF)	Avg. Direct Asking Rate (\$/SF NNN/yr)
Delray Beach	0.73	19.0	16.5	11.4	5.1	5,000	5,000	-	0.05	39.34
East Boca	2.58	16.7	24.9	23.7	1.2	(6,000)	(6,000)	-	0.11	36.91
Jupiter	0.54	3.7	7.4	7.4	-	(1,000)	(1,000)	-	-	24.33
North Boca	5.70	20.5	28.5	26.6	1.9	48,000	48,000	-	-	32.51
Palm Beach	0.97	3.8	5.3	4.9	0.4	(1,000)	(1,000)	-	-	89.76
Palm Beach Gardens	2.08	8.0	10.3	8.4	1.9	(24,000)	(24,000)	-	-	40.36
Suburban West Palm Beach	2.34	21.8	25.0	22.1	2.8	(11,000)	(11,000)	-	-	25.55
West Boca	3.32	12.8	17.2	13.8	3.4	39,000	39,000	-	-	39.94
West Palm Beach CBD	3.79	13.4	15.3	13.1	2.2	(23,000)	(23,000)	-	1.35	56.75
<b>Total</b>	<b>22.04</b>	<b>15.4</b>	<b>20.1</b>	<b>17.9</b>	<b>2.2</b>	<b>27,000</b>	<b>27,000</b>	<b>-</b>	<b>1.52</b>	<b>36.73</b>

Source: CBRE Research, Q1 2026

## Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America's aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

## Market Area Overview



### Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32’ or greater clear height and ESFR sprinklers.

### Survey Criteria

Includes all competitive Class A and Class B office buildings 30,000 sq. ft. and greater in size in Broward 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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