Palm Beach Figures Report

▼14.4% Vacancy Rate

▼31,870 SF Net Absorption

▶0 SF Construction Delivered

▶1.5M SF Under Construction

▲$40.37 NNN/YR Direct Lease Rate

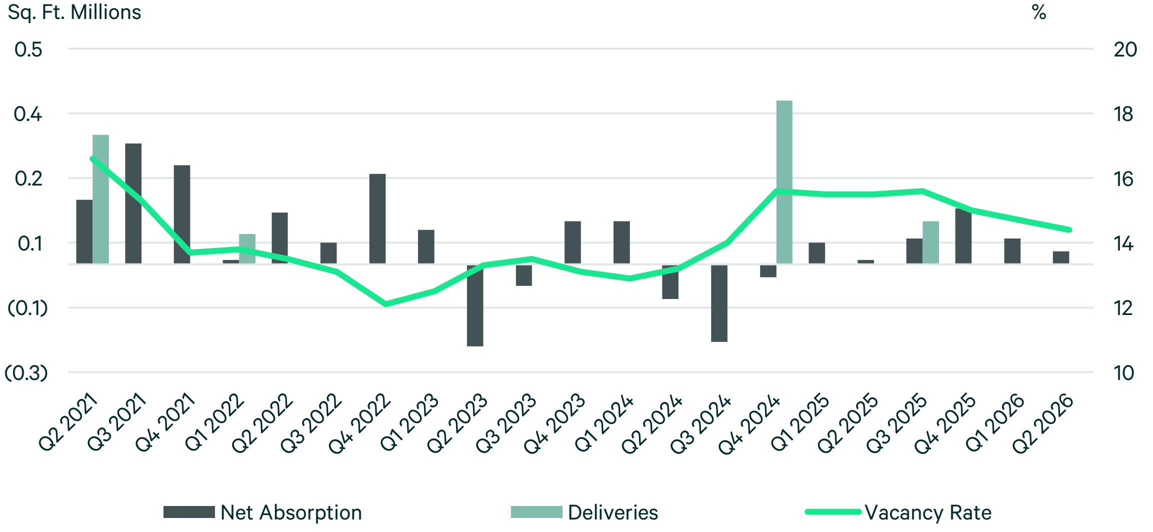
Note: Arrows indicate change from previous quarter.

Market Overview

In the latest quarter, the office market recorded net absorption of 32,000 sq. ft. Net absorption decreased by 26,000 sq. ft. quarter-over-quarter. It increased by 22,000 sq. ft. compared with the same quarter one year earlier. Vacancy measured 14.4%. This represented an improvement of 30 basis points quarter-over-quarter. It was 110 basis points lower than in the comparable quarter of the prior year. From the earliest period in 2021, vacancy declined by 220 basis points. Average asking rents reached $40.37 per sq. ft. They increased 8.7% quarter-over-quarter. They rose 10.5% year-over-year. From the start of the series, average rents posted cumulative growth of 43.0%.

Space under construction totaled 1.5 million sq. ft. This was 307,000 sq. ft. higher than in the same quarter of the prior year. It was more than double the construction pipeline reported in 2023. After cumulative negative net absorption in 2023 and 2024, demand turned positive in 2025 and remained positive through the latest quarter. New leasing in the current period included three large transactions totaling 113,000 sq. ft. Bank of America Corp. signed a 61,000 sq. ft. lease in West Boca. Quadrant Health leased 27,000 sq. ft. in North Boca. CDM Smith committed to 25,000 sq. ft. in the West Palm Beach CBD.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

Vacancy

In Q2 2026, Class A overall vacancy was 14.5%, decreasing by 60 basis points quarter-over-quarter and by 220 basis points year-over-year. Class B vacancy measured 14.3%, increasing by 20 basis points quarter-over-quarter and by 20 basis points year-over-year. Compared with three years ago in Q2 2023, Class A vacancy is effectively flat, up only 10 basis points, while Class B vacancy is 220 basis points higher. This divergence points to a market where Class A has largely stabilized while Class B continues to loosen.

At the submarket level, Palm Beach posts the lowest overall vacancy at 4.8% in Q2 2026, followed closely by Jupiter at 5.0%. Suburban West Palm Beach records the highest vacancy at 21.2%, with East Boca and North Boca also elevated at 18.7% and 17.7%, respectively. This wide spread highlights significantly tighter conditions along the coastal Palm Beach and Jupiter corridors relative to the western and suburban nodes.

Sublease vacancy remains modest, at 1.1% in Class A and 1.5% in Class B in Q2 2026, with no quarter-over-quarter change and year-over-year declines of 30 and 20 basis points, respectively. Across the tracked submarkets, sublease availability totals 275,000 sq. ft. in the current quarter.

Figure 2: Vacancy Rates by Class

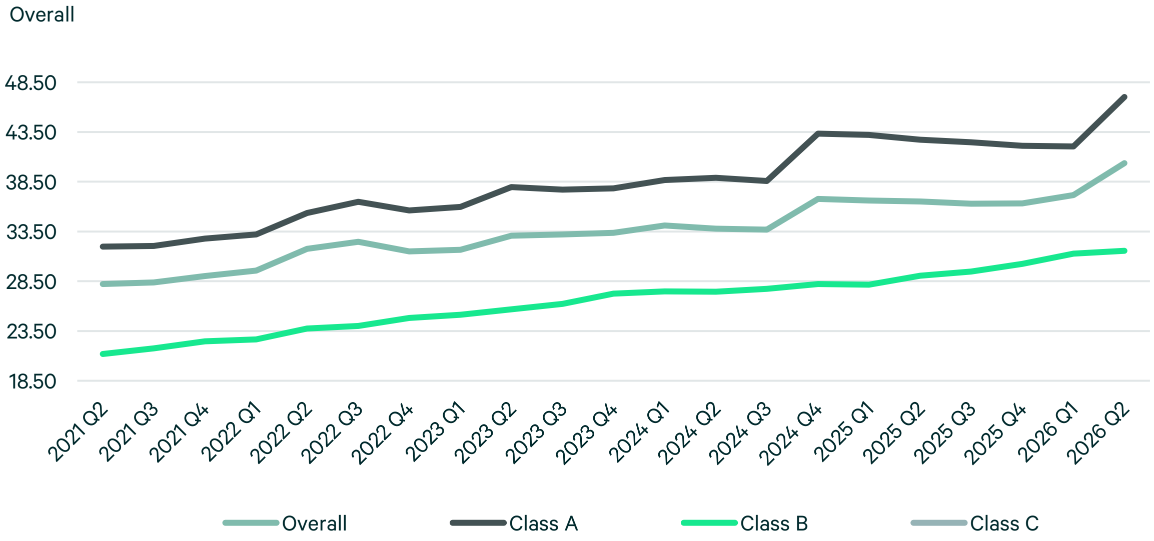
Source: CBRE Research, Q2 2026

Asking Rent

In Q2 2026, the overall average asking rent was $40.37, up 8.7% quarter-over-quarter from $37.15 in Q1 2026 and 10.5% year-over-year from $36.53 in Q2 2025. Over the full period from Q2 2021 to Q2 2026, the overall average asking rent increased from $28.22 to $40.37, a 43.0% gain, while Class A rents rose from $31.98 to $47.02 (47.1%) and Class B from $21.19 to $31.56 (48.9%). Class A space continues to command a clear premium, with its Q2 2026 average asking rent of $47.02 sitting well above the overall market at $40.37 and Class B at $31.56.

At the submarket level in Q2 2026, Palm Beach and West Palm Beach CBD posted the highest Class A asking rents at $129.96 and $90.39, respectively, with Class B space in these submarkets also elevated at $87.56 and $43.25. Most other locations offered comparatively lower pricing, with Class A asking rents ranging from $26.22 in Suburban West Palm Beach to $60.00 in Delray Beach and Class B rents running from $25.44 in Suburban West Palm Beach to $45.51 in Delray Beach.

Figure 3: Average Direct Asking Rate by Class



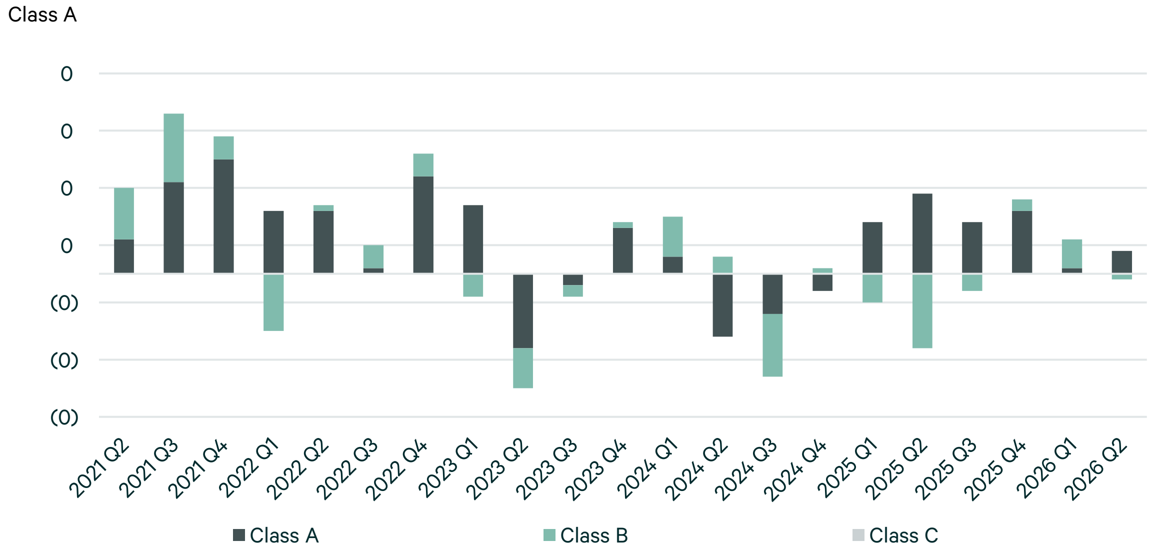
Source: CBRE Research, Q2 2026

Net Absorption

Total net absorption in Q2 2026 reached 32,000 sq. ft. across Class A and Class B assets. This level was below the 58,000 sq. ft. recorded in Q1 2026, a quarter-over-quarter decline of 44.8%, but exceeding the 9,000 sq. ft. posted in Q2 2025, a 255.6% increase year-over-year. After a period of pronounced contraction in 2023 and early 2024, quarterly absorption has generally returned to positive territory since early 2025, although volumes remain well below the highs achieved in 2021.

At the submarket level, North Boca posted the highest positive net absorption at 113,000 sq. ft. in Q2 2026, with West Boca following at 22,000 sq. ft. West Palm Beach CBD was the only additional submarket with positive net absorption above 10,000 sq. ft., recording 21,000 sq. ft. for the quarter. On the downside, East Boca experienced the most negative net absorption with 70,000 sq. ft. of occupancy losses, while West Palm Beach CBD saw the next largest pullback with 17,000 sq. ft. of net move-outs, highlighting sharply divergent performance across the market.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Economic Overview

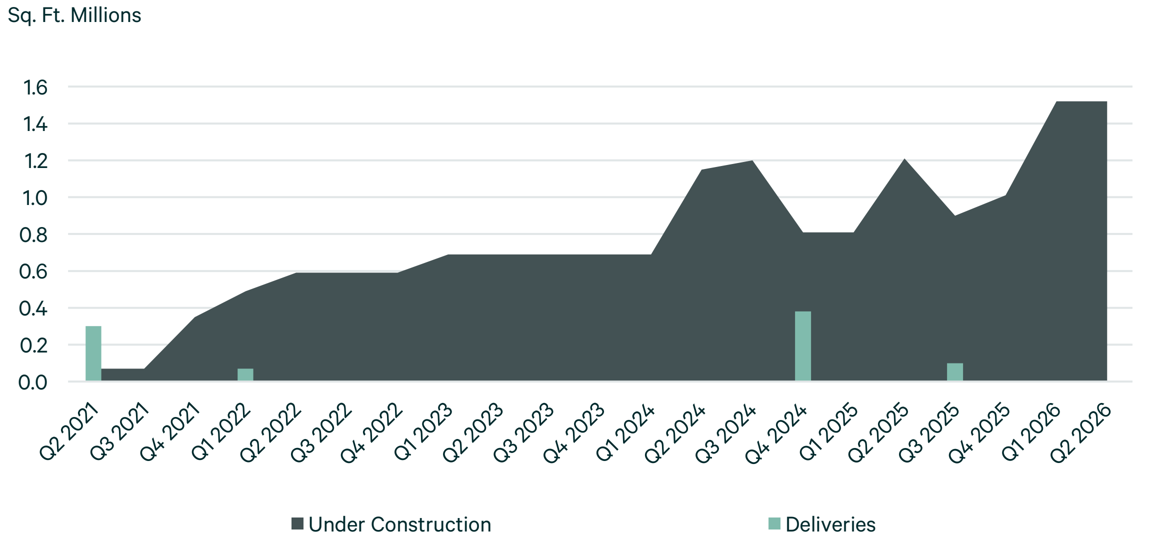
The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue.

The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

Construction Activity

Under construction volume stood at 1.5 million sq. ft. in Q2 2026, unchanged quarter-over-quarter and up 25.4% year-over-year from 1.2 million sq. ft. in Q2 2025, while no space was delivered during the quarter. Deliveries have also been flat at zero quarter-over-quarter and year-over-year, though 857,000 sq. ft. has completed over the last five years, concentrated in 2021, 2022, late 2024, and Q3 2025. The pipeline has expanded from 74,000 sq. ft. in Q2 2021 to 1.5 million sq. ft. in Q2 2026, marking a substantially larger construction footprint.

Figure 5: Construction Activity



Source: CBRE Research, Q2 2026

Leasing Activity

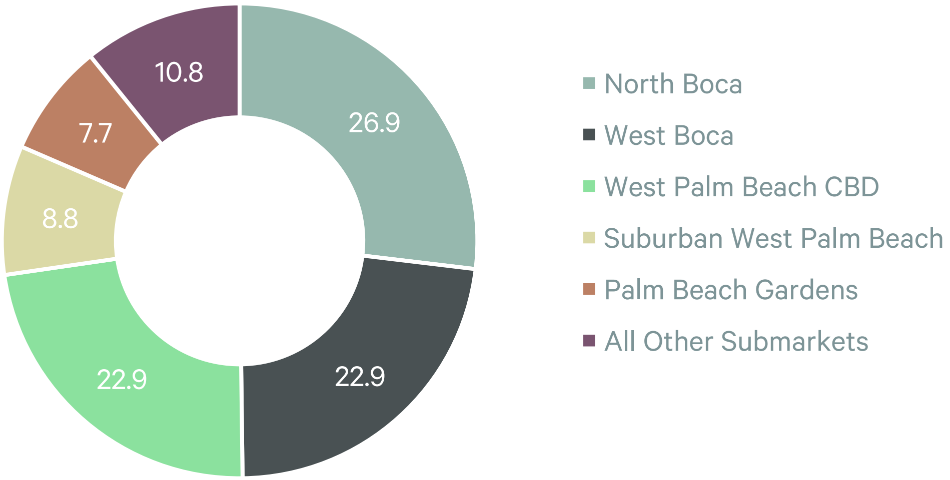
Leasing activity reached 550,000 sq. ft. in Q2 2026, while total volume in 2025 amounted to 3.0 million sq. ft. across Class A and Class B assets. Quarter-over-quarter, Q2 2026 leasing rose 45.1% from 379,000 sq. ft. in Q1 2026, but it declined 19.4% year-over-year relative to the 682,000 sq. ft. signed in Q2 2025. By class, Class A leasing totaled 362,000 sq. ft. in Q2 2026, an 82.8% quarter-over-quarter increase from 198,000 sq. ft. yet 21.8% below the 463,000 sq. ft. recorded one year earlier, while Class B demand edged up 3.9% quarter-over-quarter to 188,000 sq. ft. from 181,000 sq. ft. but remained 14.2% under its Q2 2025 level of 219,000 sq. ft.

At the submarket level in Q2 2026, North Boca recorded the highest leased area at 147,000 sq. ft., with West Boca and West Palm Beach CBD tied for the second-highest volume at 126,000 sq. ft. each. Positive but more moderate leasing was registered in Suburban West Palm Beach (49,000 sq. ft.), Palm Beach Gardens (43,000 sq. ft.), East Boca (38,000 sq. ft.), Delray Beach (9,000 sq. ft.), Jupiter (7,000 sq. ft.), and Palm Beach (5,000 sq. ft.), reinforcing the concentration of tenant demand in North Boca, West Boca, and the West Palm Beach CBD.

Figure 6: Leasing Activity Trend

Source: CBRE Research, Q2 2026

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Bank of America Corp.	61,000	New Lease	1 Town Center Rd	West Boca
Quadrant Health	27,000	New Lease	5201 Congress Ave	North Boca
CDM Smith	25,000	New Lease	545 Hibiscus St	West Palm Beach CBD
The Backyard Athlete	25,000	New Lease	5201 Congress Ave	North Boca
Ameriprise Financial	21,000	Renewal	5200 Town Center Cir	West Boca
Suffolk Construction	19,000	New Lease	205 Datura St	West Palm Beach CBD
Sequoia	17,000	New Lease	433 Plaza Real	East Boca
Marsh & McLennan Agency	16,000	Renewal	4400 Pga Blvd	Palm Beach Gardens

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 9: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	12.05M	14.5	19.6	17.2	2.4	47.02	40,000	48,000	-	1.52M
Class B	9.93M	14.3	18.1	16.6	1.5	31.56	(8,000)	42,000	-	-
Total	**21.98M**	**14.4**	**18.9**	**16.9**	**2.0**	**40.37**	**32,000**	**90,000**	**-**	**1.52M**

Source: CBRE Research, Q2 2026

Market Statistics

Figure 10: Suburban Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	9.37M	14.7	21.7	19.2	2.6	40.36	57,000	82,000	-	162,000
Class B	8.82M	14.8	18.6	16.9	1.6	30.43	(29,000)	18,000	-	-
Total	**18.19M**	**14.8**	**20.2**	**18.1**	**2.1**	**35.97**	**28,000**	**99,000**	**-**	**162,000**

Source: CBRE Research, Q2 2026

Figure 11: Urban Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	2.68M	13.8	12.0	10.2	1.8	90.39	(17,000)	(34,000)	-	1.35M
Class B	1.11M	10.9	14.5	13.8	0.7	43.25	21,000	25,000	-	-
Total	**3.79M**	**12.9**	**12.7**	**11.3**	**1.5**	**74.69**	**4,000**	**(9,000)**	**-**	**1.35M**

Source: CBRE Research, Q2 2026

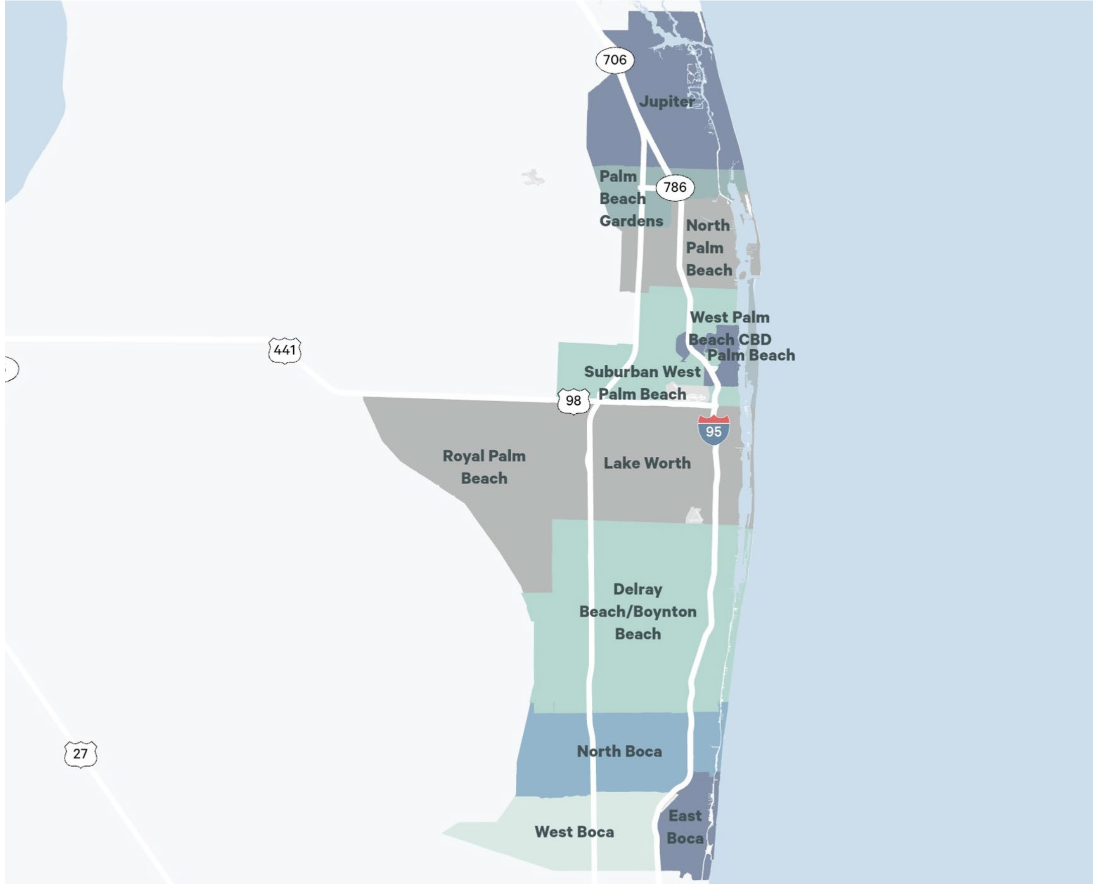
Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate	Class A Asking Rent ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Delray Beach	844,000	15.0	10.7	6.2	4.4	47.10	60.00	12,000	22,000	-	50,000
East Boca	2.48M	18.7	22.5	21.2	1.4	36.62	39.09	(77,000)	(82,000)	-	112,000
Jupiter	540,000	5.0	10.2	9.2	1.0	27.33	-	(7,000)	(8,000)	-	-
North Boca	5.62M	17.7	28.7	27.1	1.6	34.36	36.48	101,000	160,000	-	-
Palm Beach	970,000	4.8	5.4	5.0	0.4	110.27	129.96	(12,000)	(12,000)	-	-
Palm Beach Gardens	2.08M	7.7	9.6	8.0	1.6	42.13	44.28	(19,000)	(33,000)	-	-
Suburban West Palm Beach	2.34M	21.2	24.0	21.2	2.8	25.51	26.22	5,000	4,000	-	-
West Boca	3.32M	11.0	16.4	13.0	3.5	42.39	47.36	25,000	49,000	-	-
West Palm Beach CBD	3.79M	12.9	12.7	11.3	1.5	74.69	90.39	4,000	(9,000)	-	1.35M
Total	**21.98M**	**14.4**	**18.9**	**16.9**	**2.0**	**40.37**	**47.02**	**32,000**	**90,000**	**-**	**1.52M**

Source: CBRE Research, Q2 2026

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..

Marc L. Miller
Research Director
+1 3053816428
marc.miller1@cbre.com

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