

# WEST PALM BEACH OFFICE MARKET

Yardi® Matrix

## Market Analysis

Second Quarter 2019

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## Tight Availability Drives Development



West Palm Beach–Boca Raton's office market continues to draw on the strengths of its local staples such as a well-established financial and legal services industry and health-care sector. The market's pro-business regulatory environment and skilled labor pool are also key determinants in the metro's consistent economic growth. As of March, West Palm Beach–Boca Raton had 174,000 office-using jobs, with professional and business services as the top performer in the office sector (6,400 new jobs).

Pent-up demand for quality office space is shaping the metro's development pipeline. Some 918,000 square feet was underway as of April; it will add 3% to the total stock once completed. About 95% of the square footage under construction comprises Class A space, and more than 30% of the new-supply pipeline is scheduled to come online by the end of 2019. Downtown West Palm Beach leads in development activity, with more than 600,000 square feet underway as of April. The last first-class completion in the submarket was CityPlace Tower, a 297,652-square-foot building delivered in 2008.

Investment activity slightly lost steam in the metro, on par with national trends. However, investor sentiment remained consistent as buyers looking for higher returns focused on suburban assets. Five properties totaling 577,000 square feet sold for \$78.2 million year-to-date through April. Acquisition yields for top-tier properties hovered below the 5% mark, while tightening vacancy rates continue to bolster rising sales prices.