

## RETAIL

West Palm Beach Metro Area

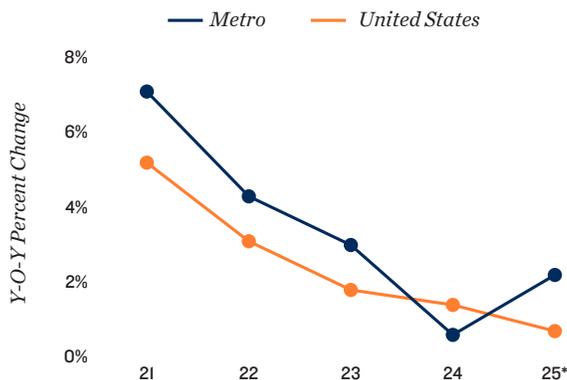
3Q/25

### Retail Vacancy Remains Tight by Historical Standards Despite Tenant Turnover

**Demographic tailwinds moderate.** Strong job growth and an influx of high-income residents buoyed retail sales growth in West Palm Beach over the last few years. Recently, however, the metro has faced slowing retail space demand as this momentum has cooled. The shift is evident in the average time to lease, which after falling to a 15-year low of 3.9 months in mid-2024 climbed to 6.8 months in the second quarter of 2025. Combined with turnover concentrated in single-tenant spaces, as well as in neighborhood and community centers, the metro noted 230,000 square feet of negative net absorption in the first half. That figure may steepen by year-end, as first-half leasing trailed activity from the same period in 2024.

**Availability remains limited in several submarkets.** West Palm Beach's vacancy rate reached 4.5 percent in June – 100 basis points below the metro's long-term average. With a contracting development pipeline and more than 60 percent of space under construction pre-leased as of July, availability is likely to face comparatively less supply-side pressure over the near term. Supported by June vacancies of 2.9 percent and 3.5 percent, respectively, Boca Raton and Boynton-Lantana were the only submarkets to record positive net absorption in the first half of 2025, positioning them on solid footing for the remainder of the year. In contrast, West Palm Beach proper may continue experiencing relative weakness after recording a 100-basis-point annual vacancy increase heading into July.

#### Employment Trends



\* Forecast  
Sources: BLS; CoStar Group, Inc.

### Retail 2025 Outlook



15,000

JOB  
will be created

#### EMPLOYMENT:

Education and health services roles accounted for roughly half of the positions added during the first half. The metro's employment base is expected to grow by 2.1 percent in 2025, ranking third among major U.S. markets.



260,000

SQ. FT.  
will be completed

#### CONSTRUCTION:

This year's delivery total is projected to be the metro's lowest since 2020, expanding inventory by 0.4 percent. Restaurants, fast food properties and various storefronts account for 80 percent of 2025's supply additions.



80

BASIS POINT  
increase in vacancy

#### VACANCY:

West Palm Beach registers the largest vacancy increase among the trio of South Florida markets, with the local metric reaching 4.8 percent. Still, this rate is 70 basis points below the metro's long term average.



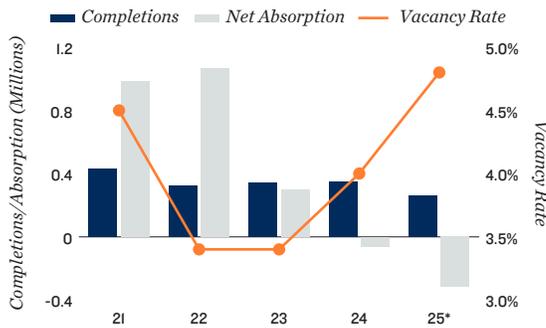
1.0%

INCREASE  
in asking rent

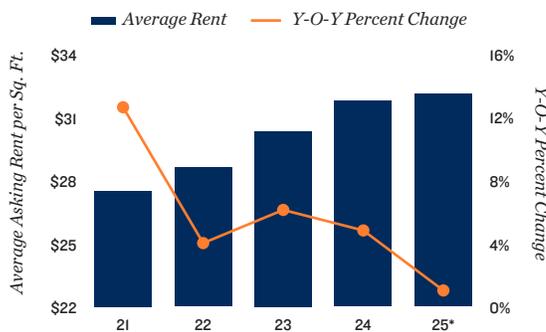
#### RENT:

The metro's average asking rent is projected to reach \$32.10 per square foot by year-end. The moderate rise in market rates is consistent with the national mean but also marks the smallest local increase since 2013.

### Supply and Demand



### Rent Trends



### Sales Trends



\* Forecast \*\* Through 2Q

Sources: CoStar Group, Inc.; Real Capital Analytics

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The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics

## 2Q 2025 — 12-Month Period

### CONSTRUCTION

352,000 sq. ft. completed

- West Palm Beach's inventory expanded by 0.5 percent during the year ended in June, ranking among the 15-largest increases across major markets.
- Recent completions were concentrated along or north of West Atlantic Avenue in Kings Point, highlighted by a 40,000-square-foot neighborhood center in Boynton Beach.

### VACANCY

80 basis point increase in vacancy Y-O-Y

- The metro posted one of the largest vacancy jumps nationally over the past year as its vacant stock expanded by 540,000 square feet. Still, at 4.5 percent in June, the local rate is 40 basis points below the national mean.
- Multi-tenant vacancy rose 90 basis points to 4.4 percent, while the single-tenant rate climbed 70 basis points to 4.5 percent.

### RENT

1.8% increase in the average asking rent Y-O-Y

- Rising vacancy weighed on asking rent growth over the past year. The moderate gain lifted the average to \$32.23 per square foot in the second quarter, placing the metro among the 10 highest-cost retail markets.
- The overall gain was driven by a 2.6 percent rise in single-tenant asking rent. In contrast, multi-tenant rates fell 0.7 percent over the past year.

### Investment Highlights

- Transaction velocity increased by roughly 20 percent during the yearlong span ending in June, with a three-fold increase in trades over \$20 million. Concurrently, the average price per square foot ticked up but at a decelerating pace, reaching roughly \$480 in June. Should market fundamentals continue cooling, property valuations may be impacted.
- The Boynton-Lantana submarket recorded over three times the transaction activity during the year ended in June when compared to velocity from the prior 12-month period. Out-of-state investors were responsible for nearly half of this activity, with restaurants and storefronts composing a substantial share of deals. Holding a sub-3 percent vacancy rate amid a virtually muted development pipeline, the area continues to demonstrate strong investment appeal.
- Investor preference for post-2000-built properties is evident across the metro, as transactions involving relatively newer assets drove local deal flow over the past year. Investors may continue prioritizing these assets, as a growing tenant base of luxury retailers seek spaces with modern configurations. Additionally, the local development pipeline is shrinking.