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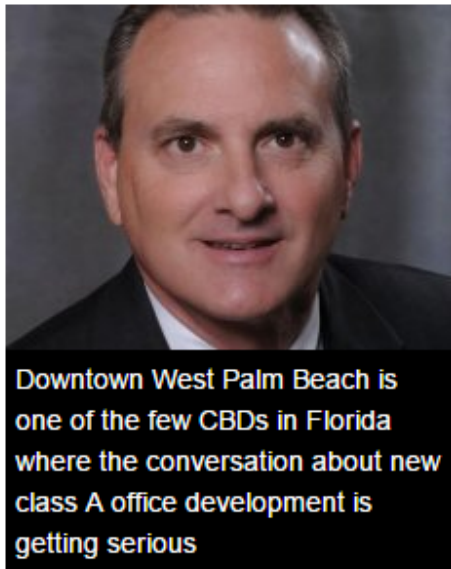
EXCLUSIVE

Why Office Developers Are Eyeing Palm Beach

By Jennifer LeClaire | Miami

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MIAMI—At 3.2 million square feet, Downtown West Palm Beach is the smallest of South Florida's three central business districts. Nevertheless, the market is home to the highest class A **office** rents, strong class A **office** occupancy and the highest **office** sale prices per square foot in the region.

What's driving these impressive performance statistics? The market's combination of sound market fundamentals, the unique work-live experience, and exciting growth trends that are rapidly transforming the downtown area into a fully-evolved CBD, according to **Brad Capas**, president of **CapasGroup Realty Advisors**.

"The class A **office** buildings in Downtown West Palm Beach are nearly full and there simply is not sufficient

vacant space to accommodate demand due to existing class A tenants needing to expand, new class A **office** users seeking to enter the West Palm Beach market and tenants migrating to the CBD from surrounding suburban markets." Capas tells GlobeSt.com. "As a result, class A **office** rents per square foot are the highest among the three South Florida CBDs."

On top of offering a dynamic business and living environment with convenient access to all types of housing, which appeals to a diverse workforce, Capas points to Downtown West Palm Beach's immediate proximity to one of the nation's wealthiest communities as a significant demand driver for class A **office** space. Common class A tenants, he says, include financial service and law firms servicing Palm Beach clientele.

"In addition, many tenants select class A buildings here because their senior executives have homes in Palm Beach," Capas says. "Palm Beach-oriented business will continue to provide a strong occupancy base for class A **office** space in this market."

Downtown West Palm Beach is one of the few CBDs in Florida where the conversation about new class A **office** development is getting serious, according to Capas. The recent sales of two of the market's class A buildings at record prices—\$507 per square foot for [CityPlace Tower](#) and \$533 per square foot for Phillips Point—have captured the attention of institutional investors and developers alike.

“Class A rents in the \$50 to \$60 per square foot range support the feasibility of new development,” Capas says. “Furthermore, the City has been a strong and vocal supporter of new office development. We believe the probability is relatively good that development of at least one new class A building will commence during the current economic cycle.”

Palm Beach **retail** is also making waves. Read my [recent article](#) on what's happening on the Palm Beach **retail** scene.