

NAR Commercial Real Estate Metro Market Report | 2022.Q1

W Palm Bch-Boca Raton-Delray Bch, FL

Core-Based Statistical Area Code: 48424

The W Palm Bch-Boca Raton-Delray Bch, FL commercial real estate market is stronger compared to the overall U.S. market.
NAR Commercial Real Estate Market Conditions Index* 76.0

Overall economic conditions are stronger than nationally.
The apartment property market is stronger than nationally.
The office property market is stronger than nationally.
The industrial property market is stronger than nationally.
The retail property market is stronger than nationally.
The hotel/lodging property market is not as strong than nationally.

I. Economic and Demographic

Economic	W Palm Bch-Boca Raton-Delray Bch, FL			U.S.			
	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Total non-farm employment ('000)	660	662	627	149,912	150,352	143,308	
Y/Y chg.in nonfarm payroll employment ('000)	33	44	(22)	6,604	6,747	(6,644)	
Y/Y % chg. in nonfarm payroll employment	5.2%	7.1%	-3.4%	4.6%	4.7%	-4.4%	Job creation is stronger than nationally
Unemployment rate (%)	3.1%	3.5%	5.2%	3.6%	3.9%	6.0%	Unemployment rate is lower than nationally
Average weekly wages	\$1,010	\$1,007	\$932	\$1,099	\$1,092	\$1,049	
Wage growth, year-over-year	8.4%	5.9%	1.5%	4.7%	5.2%	6.9%	Wages are rising faster than nationally
	2020	2019	2018	2020	2019	2018	
GDP growth (%)	-4.6%	1.9%	3.6%	-3.4%	2.3%	2.9%	
	2020	2019	2018	2020	2019	2018	
Demographic	(46.0)	(49.1)	(58.2)	0	0	0	Area is experiencing net domestic out-migration
Net domestic migration ('000)	6,126	6,165	6,141	331,501	328,330	326,838	
Population ('000)	-0.62%	0.40%	0.41%	0.97%	0.46%	0.53%	Population growth is slower than nationally
Population growth (%)							

II. Multifamily

Demand indicators	W Palm Bch-Boca Raton-Delray Bch, FL			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	4.8%	4.2%	6.2%	4.9%	4.8%	6.0%	The area has a lower vacancy rate than nationally
Absorption of units over the quarter	(81)	173	1,496	58,097	61,951	187,113	
Absorption of units in past 12 months	2,897	4,474	3,366	568,362	697,378	498,721	
Absorption in past 12 months as % of inventory	4.1%	6.4%	5.0%	3.3%	4.1%	3.0%	The area has stronger absorption than nationally
Market asking rent per unit	\$2,317	\$2,309	\$1,827	\$1,587	\$1,553	\$1,425	
Market asking rent per unit, y/y % chg	26.8%	31.2%	6.8%	11.4%	11.3%	2.4%	
Effective rent per unit	\$2,310	\$2,302	\$1,810	\$1,578	\$1,543	\$1,406	
Effective rent per unit, y/y % chg	27.6%	32.7%	6.5%	12.2%	12.2%	1.8%	Rents are rising faster than nationally
Rent as a percent of 2-person annual wage income	26.3%	26.3%	22.4%	16.5%	16.3%	15.4%	Renting is less affordable than nationally
	2020	2019	2018	2020	2019	2018	
Supply indicators	70,375	70,456	67,477	17,251,546	17,194,020	16,685,925	
Inventory	1,939	2,099	2,377	387,022	391,271	417,342	
Net delivered units in past 12 months	2.8%	3.0%	3.5%	2.2%	2.3%	2.5%	
Net delivered units, as % of inventory	6,036	5,057	4,306	774,864	744,997	732,144	
Units under construction	8.6%	7.2%	6.4%	4.5%	4.3%	4.4%	Construction is stronger than nationally
Units under construction, as % of inventory	16.9	20.9	(9.3)	17.1	17.2	(15.9)	Fewer jobs per delivered units than nationally
Ratio of jobs created to net delivered units (as of latest available month of the quarter)							
	2020	2019	2018	2020	2019	2018	
Sales transactions	\$632	\$1,425	\$497	\$50,395	\$113,844	\$30,199	Sales transactions are not rising as fast than nationally
Total investment acquisitions (in million \$)	\$321,306	\$304,933	\$251,372	\$220,078	\$227,367	\$157,676	Prices are not rising as fast than nationally
Transaction sales price per unit	4.3%	4.3%	4.6%	5.1%	5.1%	5.2%	Cap rates are lower than nationally
Market cap rate							

III. Office

Demand indicators	W Palm Bch-Boca Raton-Delray Bch, FL			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Vacancy rate	8.9%	8.9%	10.7%	12.2%	12.1%	11.7%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	78,630	340,483	251,491	3,410,230	11,127,334	(43,926,356)	
Absorption in sq.ft. over 12 months	1,413,856	1,586,717	6,128	5,610,472	(41,726,112)	(119,807,672)	The area has stronger absorption than nationally
Absorption in past 12 months as % of inventory	2.6%	3.0%	0.0%	0.1%	-0.6%	-1.7%	
Market rent per sq.ft.	\$38.5	\$38.0	\$35.9	\$34.7	\$34.6	\$34.4	
Market rent growth, y/y % chg.	7.1%	6.7%	2.5%	0.8%	0.4%	-2.1%	Rents are rising faster than nationally
Y/Y chg.in professional/business services jobs ('000)	(0.1)	10.0	5.1	1,153	1,161	(283)	Stronger office job creation than nationally
(as of latest available month of the quarter)							
	2020	2019	2018	2020	2019	2018	
Supply indicators	53,441,440	53,362,812	52,027,584	7,256,351,232	7,252,931,072	7,250,434,560	
Inventory in sq. ft.	412,220	680,994	505,826	54,741,303	57,123,296	47,997,877	More delivered space relative to inventory than nationally
Net delivered over 12 months, in sq.ft.	0.8%	1.3%	1.0%	0.8%	0.8%	0.7%	
Net delivered units, as % of inventory	741,579	797,799	782,758	143,665,184	143,194,512	153,944,000	Construction activity is slower than nationally
Under construction in sq.ft.	1.4%	1.5%	1.5%	2.0%	2.0%	2.1%	
Under construction, as % of inventory							
	2020	2019	2018	2020	2019	2018	
Sales transactions	\$572	\$625	\$546	\$26,711	\$35,335	\$17,487	Sales transactions are not rising as fast than nationally
Total investment acquisitions (in million \$)	\$289	\$223	\$399	\$324	\$295	\$325	Prices are not rising as fast than nationally
Transaction sale price per sq.ft.	6.4%	6.4%	6.6%	7.0%	7.0%	7.0%	Cap rates are lower than nationally
Market cap rate							

- Some data may not be available for the quarter

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IV. Industrial

	W Palm Bch-Boca Raton-Delray Bch, FL			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	2.8%	2.9%	3.7%	4.1%	4.2%	5.3%	The area has lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	273,629	306,839	374,103	98,463,552	139,649,760	92,218,864	
Absorption in sq.ft. over 12 months	2,085,890	2,186,364	766,435	521,957,216	515,712,512	267,819,536	
Absorption in past 12 months as % of inventory	3.2%	3.4%	1.2%	3.1%	3.1%	1.6%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$14.1	\$13.7	\$12.7	\$10.2	\$9.9	\$9.2	
Market rent growth, y/y % chg.	11.8%	9.7%	5.6%	11.0%	9.3%	5.5%	Rents are rising faster than nationally
Supply indicators							
Inventory in sq. ft.	64,270,880	63,997,252	62,184,992	16,970,607,616	16,872,123,392	16,448,452,608	
Net delivered over 12 months, in sq.ft.	1,564,507	1,777,509	804,683	316,015,277	299,570,240	290,668,397	
Net delivered units, as % of inventory	2.4%	2.8%	1.3%	1.9%	1.8%	1.8%	More deliveries relative to inventory than nationally
Under construction in sq.ft.	702,501	802,043	1,572,095	591,536,384	531,512,224	391,175,904	
Under construction, as % of inventory	1.1%	1.3%	2.5%	3.5%	3.2%	2.4%	Less delivered space relative to inventory than nationally
Sales transactions							
Total investment acquisitions (in million \$)	\$117	\$297	\$88	\$21,817	\$51,629	\$16,323	Sales transactions are not rising as fast as nationally
Transaction sale price per sq.ft.	\$150	\$250	\$158	\$140	\$136	\$105	Prices are not rising as fast than nationally
Market cap rate	5.8%	5.8%	5.8%	6.3%	6.3%	6.3%	Cap rates are lower than nationally

V. Retail

	W Palm Bch-Boca Raton-Delray Bch, FL			U.S.			
	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1	
Demand indicators							
Vacancy rate	3.9%	4.4%	4.9%	4.5%	4.7%	5.1%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	476,752	174,488	60,914	24,405,304	24,416,072	3,996,477	
Absorption in sq.ft. over 12 months	1,295,204	879,366	(175,382)	94,035,968	73,627,144	(22,757,808)	
Absorption in past 12 months as % of inventory	1.7%	1.2%	-0.2%	0.8%	0.7%	-0.2%	The area has stronger absorption than nationally
Market rent per sq.ft.	\$31.0	\$30.3	\$28.8	\$22.9	\$22.6	\$22.0	
Market rent growth, y/y % chg.	7.6%	5.6%	3.6%	3.9%	3.1%	1.1%	Rents are rising faster than nationally
Y/Y chg.in retail trade payroll employment ('000) (as of latest available month of the quarter)	4.70	3.10	(3.00)	570.90	382.90	(187.70)	The area has stronger retail trade job creation than nationally
Supply indicators							
Inventory in sq. ft.	76,342,544	75,865,792	75,047,344	11,256,099,840	11,231,675,392	11,161,937,920	
Net delivered over 12 months, in sq.ft.	561,230	441,541	316,826	19,624,738	21,905,704	37,703,262	Relatively more units delivered than nationally
Net delivered units, as % of inventory	0.7%	0.6%	0.4%	0.2%	0.2%	0.3%	More delivered space relative to inventory than nationally
Under construction in sq.ft.	478,537	548,438	762,917	54,194,816	56,052,512	54,297,696	
Under construction, as % of inventory	0.6%	0.7%	1.0%	0.5%	0.5%	0.5%	Construction activity is more robust than nationally
Sales transactions							
Total investment acquisitions (in million \$)	\$361	\$528	\$209	\$22,755	\$33,245	\$12,773	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$286	\$372	\$370	\$219	\$226	\$182	Prices are not rising as fast than nationally
Market cap rate	6.0%	5.9%	6.0%	6.8%	6.8%	6.8%	Cap rates are lower than nationally

VI. Hotel/Lodging

	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	2022 Q1 (March)	2021 Q4 (Dec)	2021 Q1 (March)	
Leisure and hospitality payroll workers ('000)	91.1	89.5	80.3	14,939	14,804	12,876	
Y/Y change ('000)	10.8	13.0	(13.8)	2,063.0	2,337.0	(2,869.0)	Job creation in the leisure industry is weaker than nationally
% share to nonfarm payroll employment	13.8%	13.5%	12.8%	10.0%	9.8%	9.0%	Higher fraction of workers in leisure industry than nationally

- Some data may not be available for the quarter

Sources of data used: CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally.

NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 25 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Market cap rate is based on CoStar proprietary model that is based on both sales transaction cap rates and modeled cap rates based on characteristics of comparable properties in the geographic area.

Data may not be available for some markets or property types.

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