

INVESTMENT FORECAST

Retail
West Palm Beach

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Local Dynamics Vary as Limited Availability Steers Improving Demand to Older Properties

Demand skewing toward multi-tenant properties. Leasing activity is rising heading into 2026, with the metro recording its strongest quarterly net absorption since 2022. Availability remains limited across both multi-tenant and single-tenant properties. Multi-tenant vacancy, in particular, stood at 3.7 percent at year-end, 100 basis points below the segment's 2015-2019 average. In contrast, the single-tenant vacancy rate of 4.2 percent is just 40 basis points below its pre-pandemic norm. This divide is especially notable in West Palm Beach proper. Multi-tenant vacancy here declined to its lowest point on record late last year, while single tenant noted a 100-basis-point annual jump. Elsewhere, slower population growth in recent years is contributing to weaker leasing across tenancy types in the Jupiter submarket. At the same time, West Lake's rapid expansion may begin translating into a long-term demand catalyst.

Pre-2000 built properties gain appeal. Transaction velocity is poised to continue accelerating amid tight market conditions in 2026. Despite continued net relinquishments across older community, lifestyle, and power centers, strong leasing momentum in neighborhood centers – the metro's largest multi-tenant segment by square feet of inventory – is extending to older assets. In densely built-out submarkets such as Boca Raton and Boynton-Lantana, declining vacancy to the mid-2 percent range has steered the notable rebound in tenant demand across both single- and multi-tenant formats toward pre-2000 retail assets, following a prolonged period of metrowide weakness since early 2023. Anticipated vacancy compression in the coming year is likely to reinforce these trends, potentially drawing heightened investor interest toward pre-2000-built properties at slight discounts relative to newer alternatives.

2026 MARKET FORECAST

+0.6%



Employment: West Palm Beach is expected to see decelerating employment growth in 2026, welcoming just 4,000 jobs. That is well below the metro's long-term average growth rate of 2.1 percent.

250,000
sq. ft.



Construction: This year's completions will expand the metro's total inventory by 0.4 percent, slightly more than in 2025 but still below the trailing 10-year annual average.

-10 bps



Vacancy: The metro's vacancy is forecast to edge down to 4.0 percent by year-end, 60 basis points below the average recorded during 2015-2019, mainly due to tighter multi-tenant conditions.

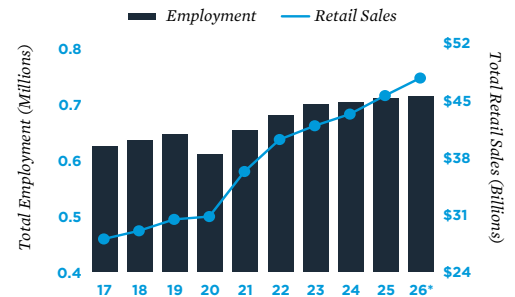
+1.3%



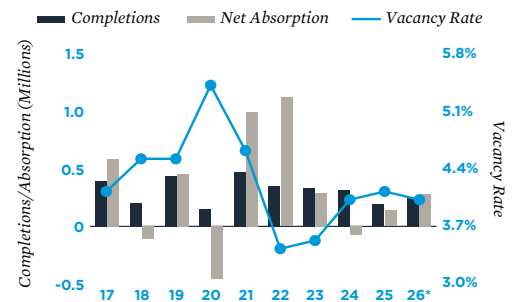
Rent: Following a year in which the metro's average asking rent held steady, a second consecutive year of accelerating net absorption pushes the rate up to \$31.97 per square foot in 2026.

INVESTMENT: Local office vacancy, at its lowest point since 2007, may draw heightened investor interest to North Palm Beach, where single-tenant retail leasing activity rebounded sharply last year.

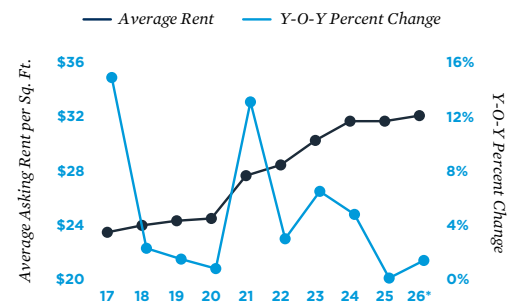
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Retail

Gregory A. LaBerge

Senior Vice President, National Division Leader

Tel: (818) 212-2250 | glaberge@ipausa.com

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. 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.