

INVESTMENT FORECAST

Marcus & Millichap

MULTIFAMILY

West Palm Beach Metro Area

2026

Wealth Inflows Help Offset Leasing Softness While Suburban Investment Gains Momentum

Office expansion and tourism activity reinforce housing needs. Palm Beach County's multifamily market is well-positioned heading into 2026, despite some divergence across renter pools. The region's affluent residents and expanding professional workforce should bolster Class A fundamentals, where vacancy continued to compress late last year. The metro also registered record office leasing across its commercial districts in the third quarter of 2025, signaling sustained business confidence and future job growth. This strength should help the concentration of new supply in downtown West Palm Beach be well-received, while fostering continued tightening in submarkets with limited deliveries, like Boca Raton and Delray Beach. Lower-income renters may benefit from the county's tourism sector, where visitor volumes set a record high in the first half of 2025 despite nationwide declines — reinforcing staffing levels in hospitality and retail. Even so, softer hiring in sectors like manufacturing and tighter household budgets may keep pressure on middle- and lower-tier housing, where vacancy increased last year.

Yield premiums and ownership constraints steer capital to suburbs. Despite measured private buyer transactions in 2025, institutional activity reaccelerated, reflecting confidence in the metro's long-term outlook. High barriers to homeownership are expected to keep many suburban households renting, sustaining demand in areas with larger shares of younger residents priced out of buying, such as Lake Park, Wellington, and Riviera Beach. Private investors increasingly targeted 1980s- and 1990s-vintage assets in these neighborhoods last year, with cap rates trading in the 6 to 7 percent range, offering attractive yields relative to historical norms. Should financing conditions continue to loosen, buyers may broaden their focus to higher-priced southern submarkets such as Boca Raton, where Class C vacancy was at metro lows under 3 percent in 2025.

2026 MARKET FORECAST

+0.8%



Employment: Hiring is expected to moderate in 2026, with the creation of 6,000 roles. Still, West Palm Beach's 0.8 percent job growth rate will rank among the top 10 major U.S. markets.

2,200

units



Construction: Deliveries will rise in 2026 but stay in line with the past decade's average and half of the 2024 peak. Downtown West Palm Beach will receive the most new supply, with about 1,500 units.

+20 bps



Vacancy: Vacancy will edge higher in 2026 amid softer job growth. At 4.9 percent, the metro's rate will sit 20 basis points below the past decade average and align with Miami and Fort Lauderdale.

+2.2%

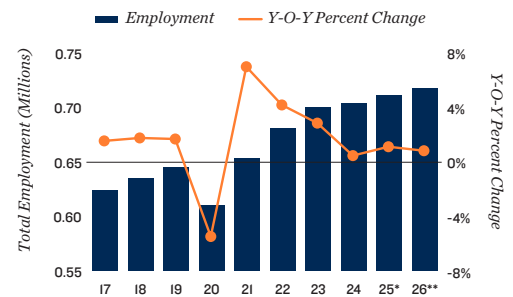


Rent: The metro's average effective rent will reach \$2,575 per month by the end of 2026, with growth remaining modest but stronger than the muted gains recorded in 2023 and 2024.

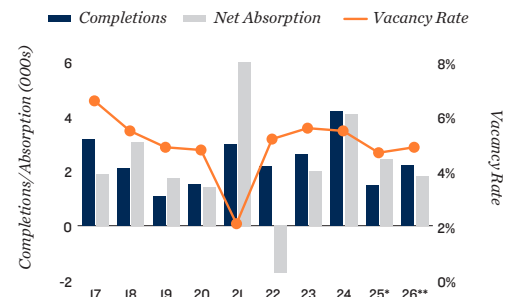
INVESTMENT:

Aided by resilient hospitality hiring, Class C multifamily vacancy in downtown West Palm Beach fell to its lowest level since 2022, reaching 3.2 percent in 2025 and potentially attracting more investors.

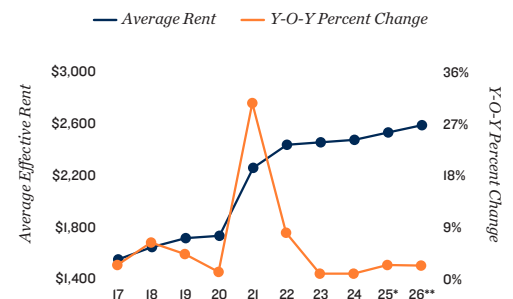
Employment Trends



Supply and Demand



Rent Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. 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 apartment 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.