



For Sale

14565 Sims Road
Delray Beach, FL

Confidentiality & Disclaimer Statement

This is a confidential Offering Memorandum intended solely for your own limited use to determine whether you wish to express any further interest in the property. This confidential memorandum contains brief, selected information pertaining to the business and affairs of the Site and has been prepared by Colliers International Florida, LLC, primarily from information supplied by the Owner. Although this confidential memorandum has been reviewed by representatives of the Owner, it does not propose to be all-inclusive, nor does it contain all the information which a prospective purchaser may require or desire. Neither the Owner, nor any of its officers, directors, employees or agents, nor Colliers International Florida, LLC, makes any representation or warranty, expressed or implied, as to the accuracy or completeness of this confidential memorandum or any of its contents, and no legal liability is assumed or is to be implied by any of the aforementioned with respect thereto.

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Offering Procedure

Offers should be submitted in the form of a standard non-binding Letter of Intent, which can be provided by the broker, and must specify the following:

- Price (call for pricing guidance)
- Pricing should contain individual property valuation breakdown
- Length of Inspection Period
- Length of Closing Period
- Amount of earnest money deposit at execution of a Purchase and Sale Contract
- Amount of additional deposit upon expiration of Inspection Period

Property Tours

Interested parties must execute a confidentiality agreement and schedule a prearranged time with the broker prior to touring the property. Tours will be conducted by appointment only and no one is allowed to tour the property and disturb tenants without owners' knowledge. Please see broker contact information to schedule a tour.

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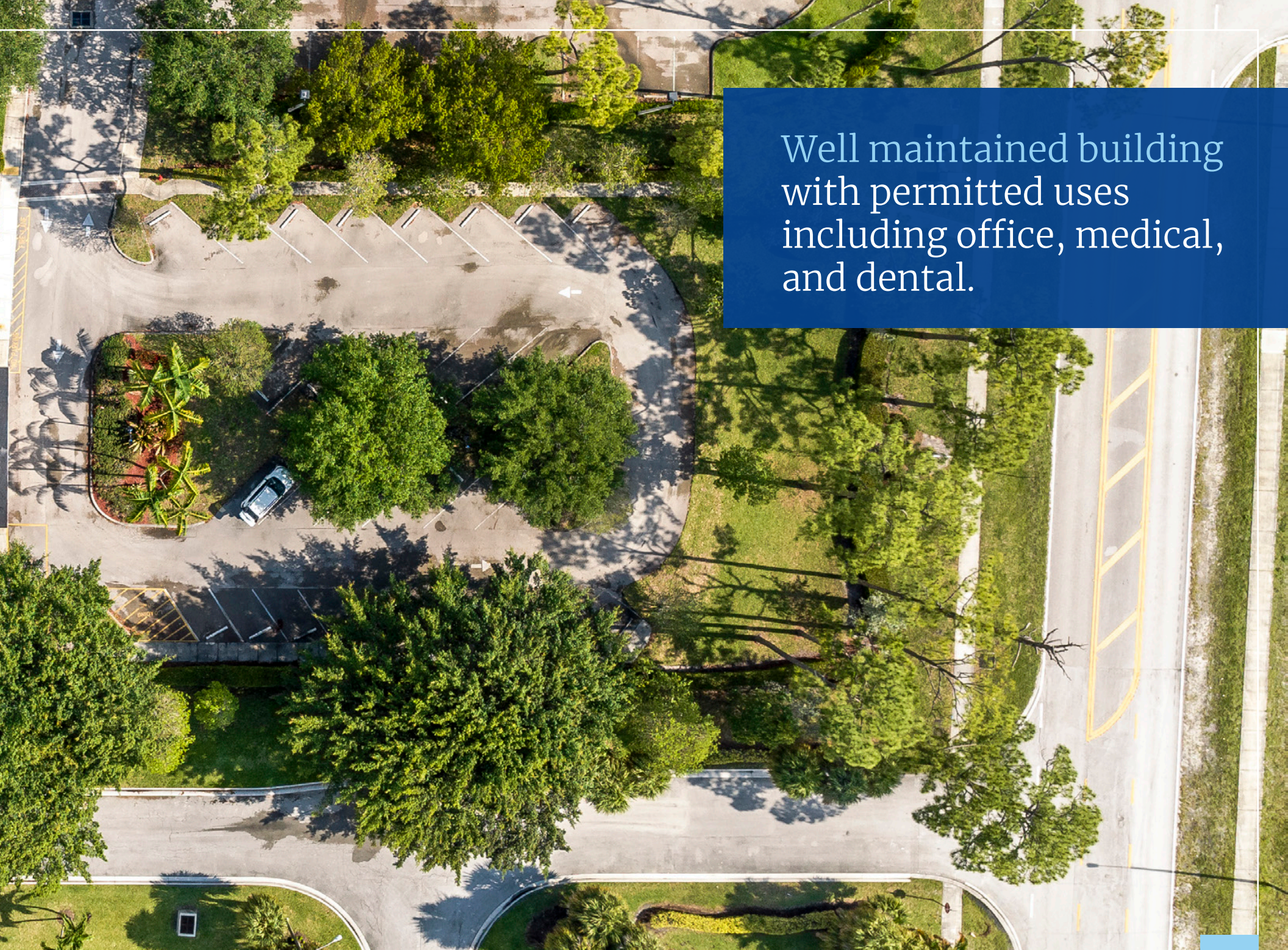
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Area
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Market
Overview





Well maintained building with permitted uses including office, medical, and dental.

Executive Summary

On behalf of the owner, the **Colliers | South Florida Investment Services Team** is pleased to present for sale **14565 Sims Road** (the “Property” or “Building”) in Delray Beach, Florida. The Property presents a rare opportunity for investors or full/partial owner-users in a prime location in one of Palm Beach County’s hottest submarkets. The 21,882 square foot property is available vacant or with the current tenants in place. This is a fantastic opportunity for users seeking a flexible option to own their own building, or for value-add investors looking to take advantage of the in-place income and lease up the remaining vacancies. While the property allows traditional office uses, a 2009 ordinance granted medical and dental uses at the Property as well.

The Property is strategically positioned off West Atlantic Avenue between Jog Road and South Military Trail and just minutes from the newly renovated Delray Medical Center. It is a prime location for doctor’s offices, law firms, or other users looking for a well located property with seamless access to the surrounding central Delray Beach market.

This opportunity can be pursued through various strategies by an owner/user or investor:

- An owner/user can occupy the entire 21,882 SF space.
- An owner/user can occupy a portion of the Property, extend the lease in place and leaseback a portion of the Building to the current owner at market rent.
- An investor can implement their value-add strategy by leasing up the property and choose to keep the tenant in place and/or leaseback a portion of the building to the current owner at market rent.

Investment Highlights

Rare opportunity in central Delray Beach for investors or full/partial owner-users.

Available fully vacant or with tenants in place.

Off West Atlantic Avenue between Jog Road and South Military Trail and just minutes from the newly renovated Delray Medical Center.

Well maintained building with permitted uses including office, medical, and dental.



Asking Price: \$4,500,000

Address
14565 Sims Road
Delray Beach, FL



Year Built / Renov
1987 / 1993



Parking
10.19/1,000 SF
223 Spaces



Building SF
21,882



Zoning
IPF - Institutional & Public Facilities
(00-UNINCORPORATED)



Land Area
1.70 Acres



Location Overview



The subject property is located in Delray Beach, Florida, which is one of South Florida's most desirable markets. The property is positioned along Sims Road just North of West Atlantic Avenue between Jog Road and South Military Trail and just minutes from the newly renovated Delray Medical Center. West Atlantic Avenue is a major east-west thoroughfare with a high concentration of retailers and residential neighborhoods, boasting a high amount of vehicles per day passing the site (40,500 vehicles per day).

The property is nearly equidistant to both Interstate 95 and the Florida Turnpike Interchanges via Atlantic Avenue. Atlantic Avenue is the primary east-west thoroughfare in Delray Beach and bisects Military Trail. Seamless highway access connects the subject property to surrounding Central and South Florida markets. The site is approximately 24 minutes from Palm Beach International Airport (PBI) and 32 minutes to the Fort Lauderdale Central Business District (CBD).

The property's proximity to local demand generators, major submarkets and roadways is shown below:

Demand Generators	Distance	Drive Time
Delray Medical Center	2.7 miles	8 minutes
Florida's Turnpike	3 miles	9 minutes
Delray Beach Tri-Rail Station	3.3 miles	10 minutes
Interstate 95	3.9 miles	10 minutes
Palm Beach International Airport	21 miles	22 minutes
West Palm Beach CBD	22 miles	24 minutes
Fort Lauderdale CBD	30 miles	32 minutes
Miami CBD	54 miles	45 minutes



- **Prime location** proximate to Delray Medical Center
- **Convenient Access** to I-95, Florida's Turnpike, and Delray Beach Tri-Rail Station (10 minutes)

Delray Medical Center

For more than 30 years, Delray Medical Center has served the communities of Palm Beach County and northern Broward County. Located in the heart of Delray Beach, Florida off Linton Boulevard and South Military Trail, Delray Medical Center is a Level 1 Trauma Center, a nationally ranked heart center, and an acute care hospital with 536 licensed beds, 1,600 employees, 600 doctors and numerous community volunteers. They have been named one of the 50 Best Hospitals in America by HealthGrades® for the last 10 years. As both a community hospital and a Level 1 Trauma Center, they offer several specialized services including cardiac care, orthopedics, rehabilitation, neurosciences, emergency care and more.



Center Highlights

Named one of America's 50 Best Hospitals (HealthGrades®) for ten consecutive years

Designated as a Primary Stroke Center (Joint Commission), as well as a Blue Distinction Center for Spine Surgery and for Knee and Hip Replacement (Blue Cross and Blue Shield)

Featured in a special advertisement in the 2010 "America's Best Hospitals" issue of US News & World Report to commemorate receipt of Get With the Guidelines Coronary Artery Disease GOLD Award, GOLD Heart Failure Award and GOLD Plus Stroke Award

One of only 269 hospitals ranked in the top 5% in the nation for patient outcomes according to a study by HealthGrades®, achieving the HealthGrades® Distinguished Hospital for Clinical Excellence Award™. The hospital is one of just 13 hospitals in South Florida, and just one of five in Palm Beach County that received this recognition for its clinical performance

2012 designation by Thompson Reuters as one of the top 100 hospitals in the nation and one of 12 out of the 100 to receive the Everest Award for setting the benchmark for improving care





North View



Inspired Living
Delray Beach

10X Living
at Delray

Tuscan Gardens
of Delray Beach

Lake Ida Road

Grand Village of
East Delray

Parking
Easement

Sims Road

East View



Delray Square

Publix, Walgreens, FedEx Office, AutoZone, Chick-fil-A, CHASE, Chipotle, chili's

Marketplace of Delray

Winn-Dixie, ROSS DRESS FOR LESS, Pollo Tropical, McDonald's, SALLY BEAUTY

Bed Bath & Beyond Plaza

CVS pharmacy, BED BATH & BEYOND, enterprise

Delray Commons

SPROUTS FARMERS MARKET, CJ, Taco Bell, BURGER KING

HighPoint of Delray West

Enclave at Delray Beach

Grand Village of East Delray

Parking Easement

Sims Road

W Atlantic Avenue

South View



H

Delray Medical Center

Kings Point Golf Course

Linton Boulevard

Peachtree Plaza

Enclave at Delray Beach

Oasis Delray Beach Apartments

W Atlantic Avenue

HighPoint of Delray West

Parking Easement

Grand Village of East Delray

Sims Road

West View



The Heritage
at Delray

Huntington
Pointe
Condominiums

The Shops of
San Marco

10X Living
at Delray

Grand Village of
East Delray

Parking
Easement

Sims Road

W Atlantic Avenue

Property Information

Address	14565 Sims Road Delray Beach, FL
County	Palm Beach County
Net Rentable Area	21,882 SF
Land Area	1.70 AC
Year Built / Renovated	1987 / 1993
Number of Buildings	1
Number of Stories	1
Parking	10.19/1,000 SF; 223 spaces 28 surface / 195 shared parking
Zoning	IPF - Institutional & Public Facilities (00-UNINCORPORATED)
Real Estate Taxes	In Florida, real estate taxes are paid in arrears and are due March 31st for the previous calendar year. The tax liability is discounted 1.0% per month for early payment (up to 4.0% if paid in November).



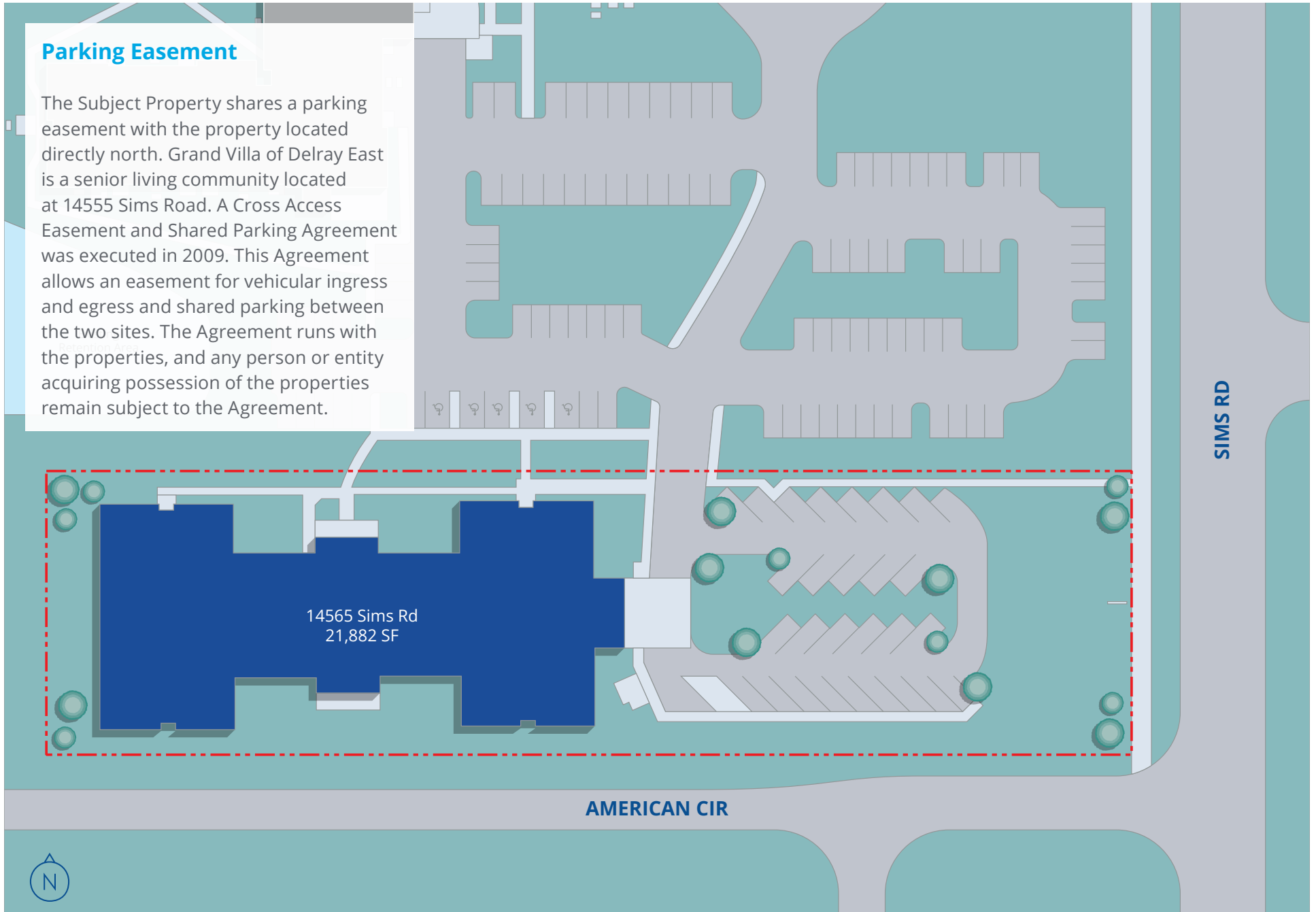
2022 Assessed Value & Real Estate Taxes

Parcel Control Number	00-42-46-14-13-000-0020
Total Assessed Value (2022)	\$2,600,000
Mileage Rate	16.8381
Ad Valorem Taxes	\$43,779
Non-Ad Valorem Taxes	\$4,585
Total Gross RE Tax Liability	\$48,364

Site Plan

Parking Easement

The Subject Property shares a parking easement with the property located directly north. Grand Villa of Delray East is a senior living community located at 14555 Sims Road. A Cross Access Easement and Shared Parking Agreement was executed in 2009. This Agreement allows an easement for vehicular ingress and egress and shared parking between the two sites. The Agreement runs with the properties, and any person or entity acquiring possession of the properties remain subject to the Agreement.



Property Photos

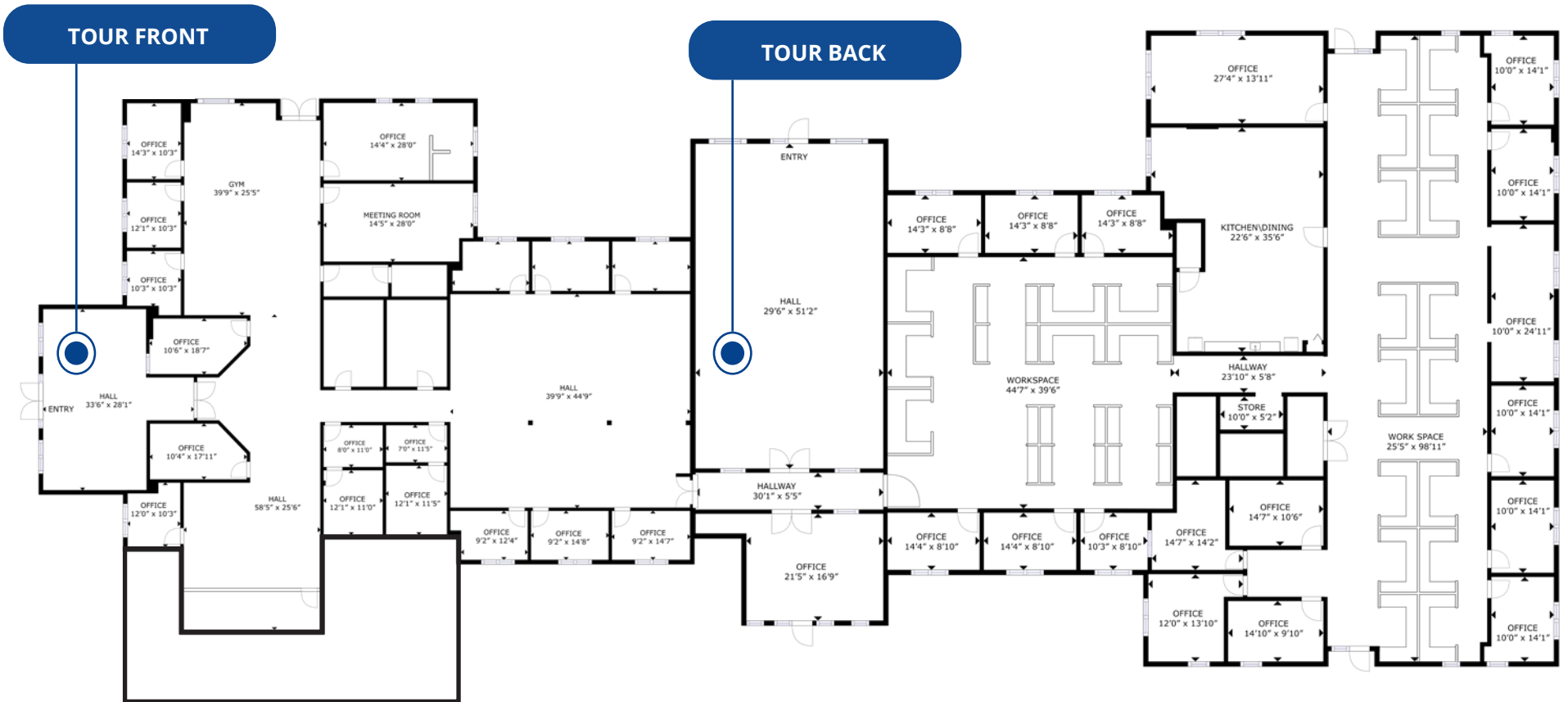




Interior Photos



Floor Plan



Aerial Photos

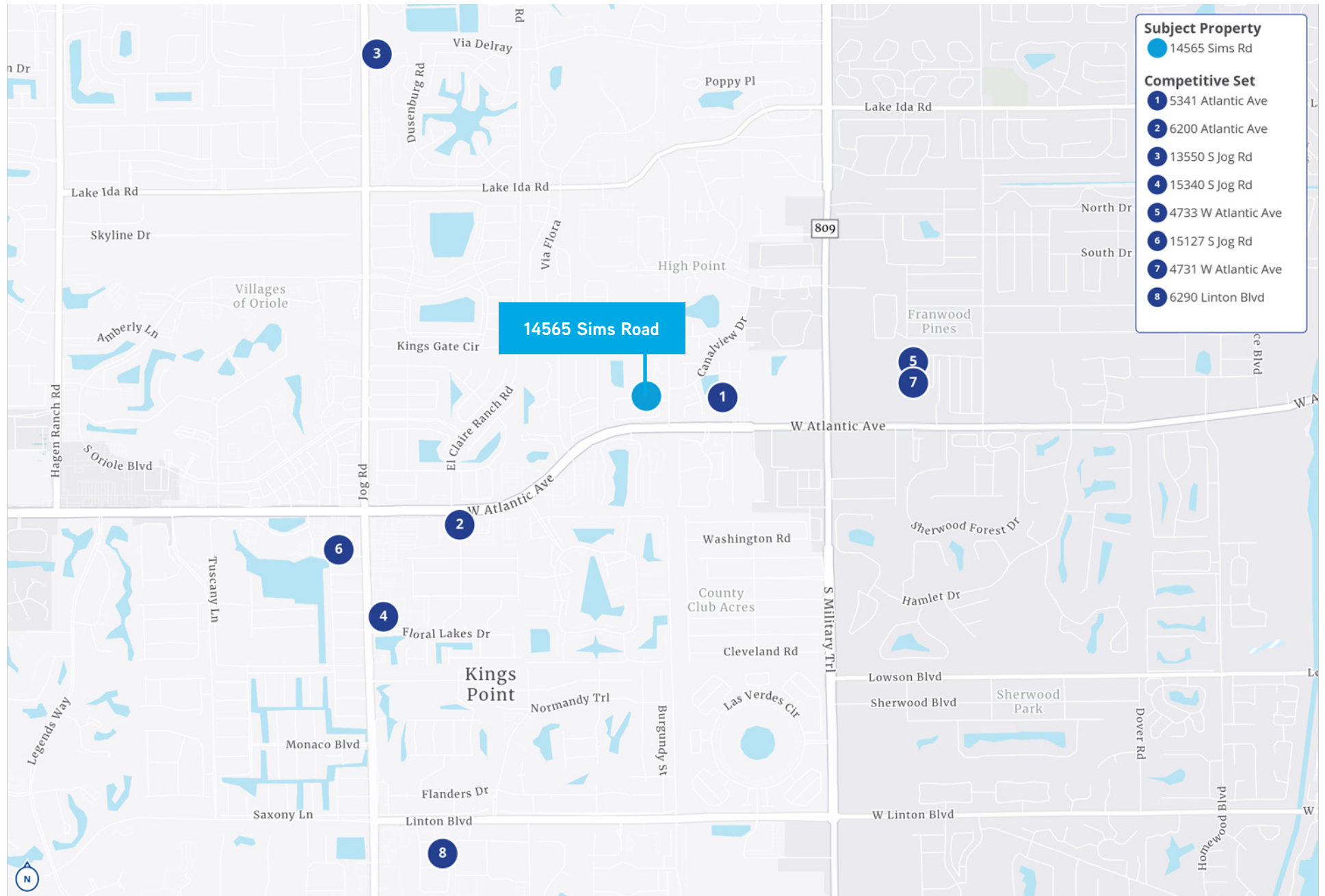




Competitive Set

#	Property Name	Property Address	Building SF	Year Built / Renovated	Building Class	SF Available	Asking Base Rent (\$/SF)	Lease Type
1	Executive Square Plaza	5341 W Atlantic Avenue	1,150	1982	C	1,150	\$35.00	MG
2	6200 Atlantic	6200 W Atlantic Avenue	9,042	2004	B	3,250	\$34.50	MG
3	Jog Road Medical	13550 Jog Road	20,000	2005	B	4,059	\$35.00	MG
4	Medical Arts at Village Center	15340 Jog Road	34,151	2001	B	1,900 - 4,752	\$25.00	NNN
5	Delray Office Plaza A	4733 W Atlantic Avenue	29,734	1997	B	1,186 - 7,126	\$16.50	NNN
6	Kings Point Medical	15127 Jog Road	16,000	1980 / 2000	B	1,255 - 10,322	\$23.50	MG
7	Delray Office Plaza B	4731 W Atlantic Avenue	25,384	1987	B	1,586	\$16.50	NNN
8	The Addison	6290 Linton Boulevard	22,244	2003	B	559 - 8,473	\$23.00	NNN

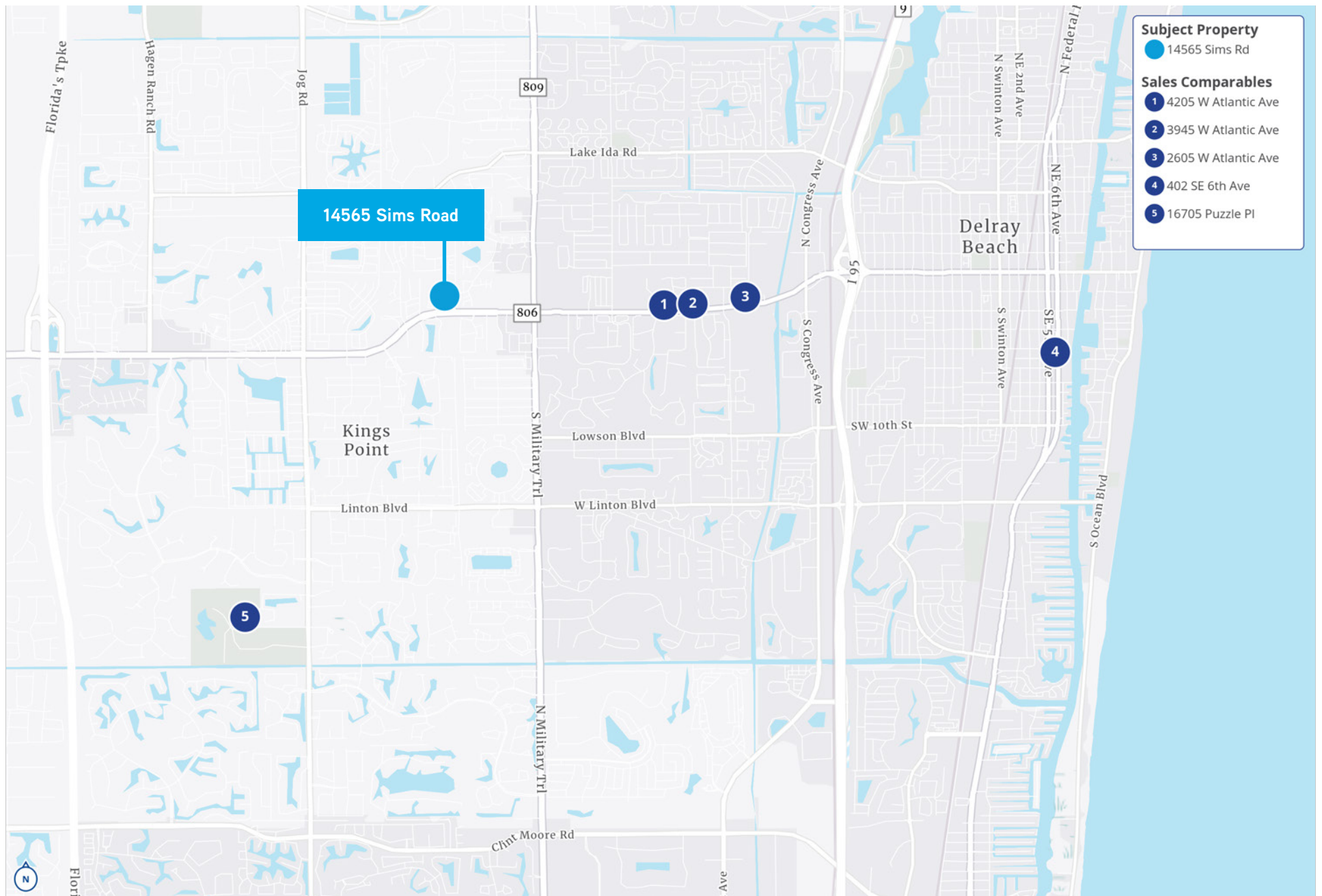
Competitive Set Map



Sales Comparables

#	Property Address	Building SF	Land AC	Date of Sale	Sale Price	Price Per SF	Year Built / Renovated	Notes
1	4205 W Atlantic Avenue, Delray Beach	3,600	1.00	3/31/2023	\$2,100,000	\$583.33	2005 / 2015	Purchased by a doctor's office as owner/user.
2	3945 W Atlantic Avenue, Delray Beach	14,093	2.05	1/31/2023	\$4,100,000	\$290.92	1988	Sale leaseback of office property.
3	2605 W Atlantic Avenue, Delray Beach	4,638	1.00	10/6/2022	\$1,460,000	\$314.79	2006	Purchased by a doctor's office as owner/user.
4	402 SE 6th Avenue, Delray Beach	6,646	0.48	1/31/2022	\$3,375,000	\$507.82	2016	Purchased by Recovery Center as owner/user.
5	16705 Puzzle Place, Delray Beach	20,437	5.00	12/14/2021	\$7,000,000	\$342.52	2001 / 2016	Purchased by Montessori School as owner/user.

Sales Comparables Map



Area Overview



Palm Beach County Overview

Located on the east coast of Florida, Palm Beach County is located within the South Florida metropolis, just north of Miami-Dade and Broward Counties. Together, the tri-county region is the eighth most populous metro area in the nation and the largest in the state of Florida, recording over 6.2 million residents and accounting for over one-third of the state's population. Palm Beach County is the third largest county in the state in terms of land area encompassing more than 2,500 square miles.

Historical economic statistics for the County point to a vibrant and healthy economy that has recovered from the COVID-19 pandemic quicker than most other major markets thanks to the expanding economic sectors including luxury tourism, technology, manufacturing, and agriculture. In fact, for more than a year, there have been more job openings than unemployed people in Palm Beach County. Furthermore, the County's unemployment rate achieved two record lows in 2022, first at 2.3 percent in April and then again in December at 2.2 percent staying below 3.0 percent for 11 consecutive months. The unemployment rate remains below the 3.3 percent national rate, as it has been for more than two years, and on par with Florida's 2.2 percent rate. Strong job growth is expected to continue through mid-2023 with the most in-demand jobs being in the hospitality/tourism, healthcare, and trades/transportation sectors.

Palm Beach County is recognized as one of the nation's wealthiest counties, with per capita personal income (PCPI) levels more than 80 percent higher than national averages and is Florida's fourth highest PCPI reflective of its diversifying economic base, sound financial position, and moderate debt levels. In addition, Palm Beach County's PCPI has increased 9 percent year-over-year and 40 percent over the last five years as the County benefits from the influx of new, highly skilled and educated residents. Of the three South Florida metros, Palm Beach's population is growing the fastest with a five-year growth rate of 5.2 percent compared to Miami-Dade's and Broward's 2.0 and 3.4 percent, respectively. In addition, over the next five years, Palm Beach's population is expected to grow 7.1 percent while Miami-Dade's and Broward's are expected to grow 3.6 percent and 4.6 percent, respectively.

The migration of companies, specifically new finance and investment firms, from Northeastern tax-burden states to South Florida was accelerated by the pandemic as seen in announcements by Goldman, Elliott Management, and Citadel; this influx has led to South Florida being dubbed the "Wall Street of the South". For a long time, Palm Beach has been a second home for many executives and now these same people are relocating their businesses here. These moves are driven by a number of push and pull factors, but the most prominent are the tax incentives, cost of living, and quality of life that Palm Beach offers, with COVID-19 being the final push for many.

Palm Beach County is one of the nation's leading tourist destinations offering white sand beaches, clear turquoise waters and internationally acclaimed shopping, dining and golfing venues that appeal to the masses. The County is served by Palm Beach International Airport, which historically welcomed approximately 6 million passengers annually pre-pandemic and welcomed more than 6.6 million passengers in 2022. In addition, Tri-Rail commuter rail system and the Brightline express rail connects Palm Beach to Fort Lauderdale and Miami with stops in Aventura and Boca Raton and construction connecting to Orlando almost complete. Furthermore, Palm Beach County offers a convenient transportation system, with major highways such as Interstate-95 and Florida's Turnpike, plus signalized roads US-1 and US-441.

The three-major multibillion-dollar industries in Palm Beach County are tourism, healthcare, and agriculture. There are also many high-tech industries such as bioscience that contribute to the growing economy. Major employers in the county include Tenet Healthcare, NextEra Energy (the parent company of Florida Power & Light), Hospital Corporation of America (HCA), Florida Atlantic University (FAU), Florida Crystals Corporation, Office Depot, Bank of America, Wells Fargo & Company, Pratt & Whitney, and Zimmer Biomet.

Delray Beach Overview

Delray Beach, located in the southern part of Palm Beach County between Boca Raton and West Palm Beach, is a first-class resort destination and a diverse, vibrant community known as “Florida’s Village by the Sea”. The city is home to an upscale, growing population that has increased 11 percent since 2010 with an average household income well-above state and national averages. Delray Beach is a small and intimate town with a glamorous urban sophistication, approximately 30 minutes from Palm Beach International Airport, 45 minutes from Fort Lauderdale-Hollywood International Airport, and an hour north of Miami. When visiting Delray Beach, the warm, friendly atmosphere welcomes you to the vibrant dining and nightlife scene, the relaxing beautiful beaches, and sociable arts and culture scene make it one of South Florida’s most popular beach destinations.

As the hidden gem of Palm Beach County, Delray Beach has been rated Most Fun Small Town by Rand McNally, USA Today, and the Travel Channel. In addition, Delray Beach’s main street, Atlantic Avenue, has been voted Best Main Street in Florida by Florida Monthly Magazine. Delray Beach has also been named in the Top Ten Beaches in Florida two years in a

row. Additionally, Coastal Living named it in the Top Ten Happiest Seaside Towns and Ten Best Little Beach Towns in Florida. Delray Beach is also a three-time winner of the coveted All-American City award.

Downtown Delray Beach is the social hub of the city with award-winning cafes and restaurants, unique galleries and boutiques, grand hotels and quaint seaside inns, and a vibrant shopping district. Downtown runs along Atlantic Avenue, home to one-of-a-kind shops, eclectic dining and entertainment, and hip business district, leading directly to two miles of pristine beaches on the crystal clear blue Atlantic Ocean. Atlantic Avenue has even been named one of America’s Ten Great Shopping Streets by USA Today. The warm and friendly atmosphere and endless activities, like visiting galleries and museums, going on a yacht cruise, renting bikes, miniature golfing, and the many dining and shopping options, makes Downtown a desirable place for anyone to visit. Downtown Delray Beach is a walkable, sociable, and dynamic destination offering luxury and charming, and historic and modern options to eat, shop, visit, play, and stay at.



Transportation and Access

Delray Beach has substantial access to interstate, seaport, rail and air infrastructure. Florida's Turnpike and I-95 bisects Palm Beach County offering multiple exits with major east-west thoroughfares for ease of access. The Tri-Rail Train system and the Brightline express train connect Palm Beach County with Fort Lauderdale and Miami offering passengers public transportation access to all submarkets in South Florida. The area is also served by Palm Beach International Airport with connections to Amtrak and Palm Tran Bus system.



Tri-Rail Transit System

The Tri-Rail commuter line which links multiple markets throughout South Florida is managed by the South Florida Regional Transportation Authority and wholly owned by the Florida Department of Transportation. The rail travels as far north as Mangonia Park in Palm Beach County and as far south as the Government Center in Miami-Dade County with approximately seven stops in each County. As of January 2023, the system has an average weekday ridership of 12,000, an increase of 30.0 percent or 3,000 more daily passengers a year. The total route is 73.4 miles long with 18 stations along Florida's southeast coast. The Tri-Rail connects directly to Amtrak at numerous stations and furthering regional accessibility are connections to the Metrorail.

Palm Tran Bus Service

The Palm Tran bus system serves residents and visitors of Palm Beach County and is operated by the County government. Standard adult fare is \$2.00 with reduced fares available for seniors and students. The bus system connects with major hubs that include Palm Beach International Airport, Tri-Rail System stops, major shopping mall and service to all colleges and universities in the area. With a daily ridership of approximately 35,000, the bus system operates 32 routes in conjunction with Tri-Rail to ensure sufficient coverage and public transportation is available to county residents.



Brightline Express

Brightline is a Miami-based company that operates express intercity passenger rail service with stops in the downtowns of Miami, Fort Lauderdale, West Palm Beach and most recently Aventura and Boca Raton. Construction of the Aventura and the Boca Raton stations is complete, and both began operating officially at the end of 2022. Additionally, construction to link Orlando to the line began in 2019 and is now complete with service commencing in Summer 2023. Brightline also has plans for a station at PortMiami, and eventually an extension to Tampa from the Orlando Station. With visitors to Florida exceeding 100 million, Brightline will connect five large tourist destinations, offering convenient transportation and encouraging extended visits in Florida. Recently, Brightline became the first train company in the world to receive the WELL Health Safety Rating for Facility Operations and Management as awarded by the International WELL Building Institute bolstering Brightline's accomplishments in providing a clean and healthy environment for travelers and staff.



Palm Beach International Airport

Palm Beach International Airport (PBI) is a public airport with approximately 150 daily flights on 13 airlines offering non-stop service to over 30 destinations, with connecting service to destinations throughout the world. The airport served roughly 6 million passengers annually before the coronavirus years. PBI welcomed 6.9 million passengers in 2019, 3.1 million passengers in 2020, and more than 5.2 million passengers in 2021 as the tourism industry recovers. In 2022, PBI welcomed 6.6 million passengers, just below pre-pandemic levels; as international travel resumes and returns to normal levels, PBI is expected to surpass 2019 visitor counts. The airport is linked to the Palm Tran Bus line with free shuttle service to the Tri-Rail system and ranked high in many 2022 awards, listed below.

- 'Best in the U.S.' for Shortest Overall TSA Wait Time, U.S. Customs and Border Protection
- 5th Best Domestic Airport, Travel + Leisure Magazine's 2022 World's Best Awards
- 5th Best Airport in the U.S., Conde Nast Traveler's 2022 Readers' Choice Awards
- 7th Best Medium Airport, 2022 J.D. Power North American Airport Satisfaction Survey
- 7th Best Airport in the World, Conde Nast Traveler's 2020 Readers' Choice Awards

Port of Palm Beach

The Port of Palm Beach is one of 15 ports in the state of Florida and is located 80 miles north of Miami in Riviera Beach. The Port of Palm Beach has the highest container volume per acre in the United States. Additionally, the Port of Palm Beach is the fourth busiest container port of Florida's 14 deep-water ports and is the 18th busiest container port in the United States. The cruise industry at the Port of Palm Beach provided 1,350 direct jobs and over \$100 million in revenue in 2020 and welcomes nearly 450,000 cruise ship passengers annually. In addition, the cargo industry at the Port of Palm Beach provides over 2,700 direct jobs and \$154 million in revenue with more than \$6 billion worth of commodities moving through the port each year.

Market Overview

Palm Beach County Office Market Q3 2023

The Palm Beach office market showed some improvement in the third quarter of 2023, with key indicators ending the quarter trending upwards. Consistent tenant demand led to positive net absorption totaling over 43,000 square feet. At the same time, the vacancy rate decreased by 10-basis points quarter-over-quarter, dropping down to 8.8 percent by third quarter-end. Similarly, rental rates climbed up by 2.0 percent quarter-over-quarter, increasing to \$40.26 per square foot full service. Despite low unemployment rates, healthy labor market conditions and consistent tenant demand, continued uncertainty lingers.

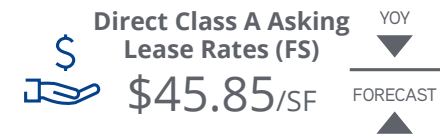
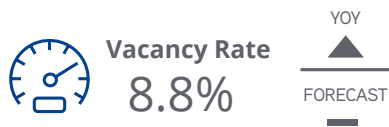
The five largest leases of the third quarter were renewals with the largest lease being a renewal and expansion of Cole, Scott & Kissane, totaling 63,570 square feet at Esperanté Corporate Center in the West Palm Beach CBD submarket. This was followed by the Office of Attorney General Ashley Moody renewing 32,601 square feet at Flagler Waterview also in the West Palm Beach CBD submarket. The third largest lease was SGC signing a renewal for 27,321 square feet at 951 Yamato in the Boca Raton North submarket.

Sales activity remained relatively light in the third quarter of 2023, with the two largest trades being located in the Palm Beach submarket with sales price per square foot above \$1,000 demonstrating the high demand to own property in that submarket. The largest transaction was 125 Worth selling for \$83 million, or \$1,660 per square foot, in a personal investment purchase made by Citadel. The second largest sale of the quarter was for the Three Seventy Five building, located at 375 South County Road which was purchased by CS Ventures for \$18 million, or \$1,095 per square foot.



Key Takeaways:

- The vacancy rate decreased slightly by 10-basis points QOQ, down to 8.8% by quarter-end.
- Rental rates increased QOQ to \$40.26 PSF full service, a healthy bump of 2.0%.
- Despite an uncertain economic outlook, the market responded with limited changes across key indicators.



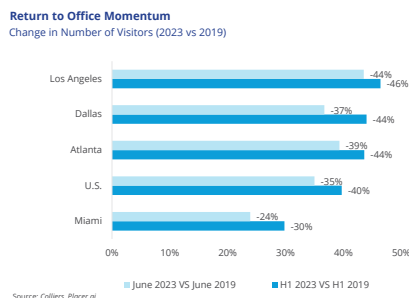
Promising Signs for Investment Sales

Office investment sales activity showed promising signs of picking back up in the third quarter of 2023, despite challenges posed by high interest rates and the cost of capital for investors. In a notable shift, the South Florida office market witnessed three office transactions exceeding the \$50 million mark in the third quarter. This is the only quarter in 2023 that there have been three transactions of this size in a single quarter. These transactions were distributed across two properties in the Coral Gables submarket (355 Alhambra and 255 Alhambra) and one in the Palm Beach submarket (125 Worth), marking a significant upturn in high-value deals. Interestingly, the buyers in these transactions are predominantly non-traditional and non-institutional players, indicating a shift in the market dynamics. On the other hand, sellers have largely remained institutional. While the volume of sales is still slow, the average sales price per transaction increased to \$16 million in the third quarter, up from \$11 million in the first quarter and \$8 million in the second quarter. Amidst these changes, the most sought-after office assets continue to be stable, institutional, and well-leased office buildings, underscoring the resilience of this particular segment in the evolving investment landscape.



Return to Office Gains Momentum

The reintegration back into the office continues at a measured pace. Most companies are adopting hybrid work models, usually at least three days of in-office work per week. However, certain employers are enforcing a complete return to the office. A recent Gallup survey illustrates the engagement levels for over 10,000 companies based on the number of days of the week. There is a notable drop when the three-day mark is exceeded. Work environment flexibility continues to be important in driving employee engagement. Placer.ai's office visitation data shows a recent positive shift in visits to the office. In the first half of 2023, office foot traffic nationwide was still down by 39.7 percent compared to the first half of 2019. However, in June, the year-over-four-year (Yo4Y) monthly visits were only down by 35 percent, representing the strongest month since before the pandemic. Miami is one of the leading markets with office visits down by 29.8 percent in the first half of 2023 compared to four years ago which contracted to 23.9 percent in June 2023.



Recent Transactions



Lease
Esperante Corp. Cntr.
WPB CBD | 64k SF



Lease
Flagler Waterview
WPB CBD | 33k SF



Lease
951 Yamato
Boca North | 27k SF



Sale
125 Worth
Palm Beach | \$1.6K/SF



Sale
Three Seventy Five Bldg
Palm Beach | \$1.1K/SF



Sale
630 US Hwy 1
North PB | \$300/SF

Market Indicators

3.0%
Unemployment
Rate

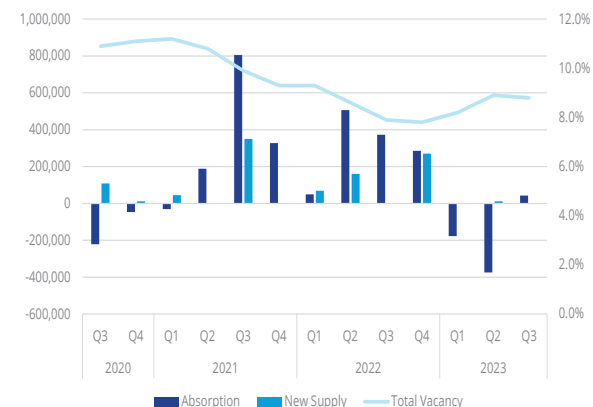
2.1%
GDP - Quarterly
% change yr/yr

4.579%
U.S. 10 Year
Treasury Note

Historic Comparison

	22Q3	23Q2	23Q3
Total Inventory (in Thousands of SF)	52,770.7	53,052.8	53,062.8
New Supply (in Thousands of SF)	0.0	12.1	0.0
Net Absorption (in Thousands of SF)	372.5	(374.8)	43.5
Overall Vacancy	7.9%	8.9%	8.8%
Under Construction (in Thousands of SF)	1,134.3	1,069.0	1,069.0
Overall Direct Asking Lease Rates (FS)	\$40.13	\$39.47	\$40.26

Market Graph



Palm Beach County's office market remained stable in the third quarter of 2023, with a marginal 10-basis point decrease in the vacancy rate and positive net absorption of 43,500 square feet, an improvement from the previous quarter. The market is expected to continue its stability for the remainder of the year, driven by new-to-market market activity.

Palm Beach County Market Drivers



Growing Population

Population growth across South Florida has exceeded the national average for years, but of the three major metros, Palm Beach's population is growing the fastest. Over the last five years, Palm Beach County's population grew 5.2% while Miami-Dade and Broward grew 2.0% and 3.4%, respectively. Additionally, in the next five years, Palm Beach's population is expected to grow 7.1% while Miami-Dade's and Broward's are expected to grow 3.6% and 4.6%, respectively. The migration of companies, specifically new finance and investment firms, from Northeastern tax-burden states to South Florida was accelerated by the pandemic as seen in recent announcements by Goldman, Elliott Management, and Citadel; this influx has led to South Florida being dubbed the "Wall Street of the South". Palm Beach County is welcoming new companies by offering excellent incentive programs and a flexible Business Development Board. For a long time, Palm Beach has been a second home for many executives and now these same people are relocating their businesses here. These moves are driven by a number of push and pull factors, but the most prominent are the tax incentives, cost of living, and quality of life that Palm Beach offers, with COVID-19 being the final push for many.



A Thriving Business Center

Palm Beach County is among the nation's leading centers for the financial services industry with many top companies having a significant presence in the area such as UBS, JP Morgan Stanley, Merrill Lynch, and Charles Schwab. Furthermore, West Palm Beach was ranked by Forbes Magazine as the #1 city in Florida for business and careers. Its ease of access, excellent public transportation infrastructure, and abundance of nearby amenities are attracting investors and executives alike to this surging market. The West Palm Beach central business district provides corporate headquarters to some well-known companies, including Amazon Investment Group, CRL Media LLC, Branding Arc Inc, and Melchior Investments LLC. Other businesses including law firms, financial institutions and investment firms drawn to the CBD include Greenspoon Marder PA, RBC Wealth Management, Holland & Knight LLP, and Greenberg Traurig, LLP.



Education

Palm Beach County is home to the 10th largest school district in the nation, with approximately one-third of the population working towards graduating high school (10 percent) or already a high school graduate (20 percent). The County has 15 higher education institutions for the school district to feed into upon graduating offering everything from technical certifications to doctorate degrees as well as dozens of vocational and technical institutions. Excellent quality of training and education at the colleges and universities in Palm Beach County result in high-quality, employment focused workforce training, progressive professional education, and enrichment opportunities to meet the changing needs of a diverse community.



Pristine Beaches

Palm Beach is home to nearly 30 tropical beach parks spanning 47 miles along the Atlantic Ocean from Jupiter to the north and Boca Raton to the south. The beaches cater to everyone's preferences, from the dog-friendly beaches of Ocean Cay Park in Jupiter and Atlantic Dunes Park in Delray Beach to the entertainment-oriented beaches found at the promenade at Singer Island Municipal Beach or the famous pier at Lake Worth Municipal Beach. Peanut Island offers a peak at history where a former Cold War bunker for John F. Kennedy can be found. More pristine beaches are located at John D. MacArthur Beach State Park in North Palm Beach and the family-friendly waters at Carlin Park in Jupiter and Red Reef Park in Boca Raton. For the more adventurous



Tourism

Tourism is one of the largest industries in Palm Beach and took a hit in 2020 as the coronavirus pandemic caused economies to shut down and borders to close. However, tourism is expected to return stronger than before, reaching pre-pandemic levels in 2023, largely due to pent-up demand of quarantine years. In fact, domestic travel has started the recovery and Palm Beach has benefitted greatly thanks to its tropical climate, white sand beaches, and clear blue waters with Palm beach International Airport welcoming 6.6 million passengers in 2022, climbing closer to the 6.9 million passengers in pre-pandemic 2019.



Arts and Culture

Beyond the scenic beauty of Palm Beach, the County is dotted with world-class museums and galleries, award-winning theaters and Broadway performances from Jupiter down to Boca Raton. Creative attractions abound in Palm Beach with year-round events held at the West Palm Beach Arts and Entertainment District and Harbourside Place in Jupiter, concerts at the Kravis Center for the Performing Arts in West Palm Beach, Tony Award winning musical performances at the Maltz Jupiter Theatre, and cabaret at the Crest Theatre in Delray Beach.



Florida's Golfing Capital

There's an endless supply of public and private golf courses in Palm Beach leading many to call the County the world's golfing capital. With many of the world's greatest golfers living in the County, Palm Beach boasts more than 160 courses with year-round tee times, breathtaking views and courses designed by some of the best architects in the game. Located in Palm Beach Gardens is the PGA National Resort and Spa featuring 90 holes across five championship courses, including the famed Champion course designed by Jack Nicklaus and its "Bear Trap" that hosts the PGA Tour's annual Honda Classic. Other famous courses throughout the County include The Bear's Club, The Fountains Country Club, the Breakers Ocean Course, and North Palm Beach Country Club.



Shopping and Dining

Palm Beach is renowned for its world-class shopping malls and restaurants from countless chain stores to boutiques and luxury brands. In Palm Beach Gardens alone, shoppers can choose between multiple upscale shopping center offerings including The Gardens Mall, anchored by high end stores like Nordstrom Rack and Saks Fifth Avenue as well as 160 other stores; District at the Gardens, an outdoor lifestyle center offering enticing retail, restaurants, a movie theatre and outdoor entertainment; as well as PGA Commons offering a mix of award-winning restaurants, upscale boutiques, galleries, offices, and apartments. District at the Gardens is currently undergoing a major transformation adding hotel, office and residential offerings for round the clock patrons. Other popular shopping destinations throughout the County include Worth Avenue featuring designer stores, high-end shops and some of the finest gourmet restaurants in South Florida. Mizner Park in Boca Raton is another upscale shopping district, as well as Atlantic Avenue and Pineapple Grove in Delray Beach.

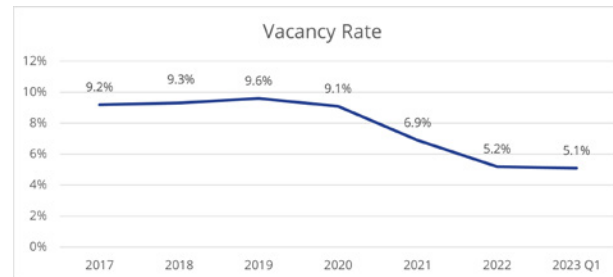
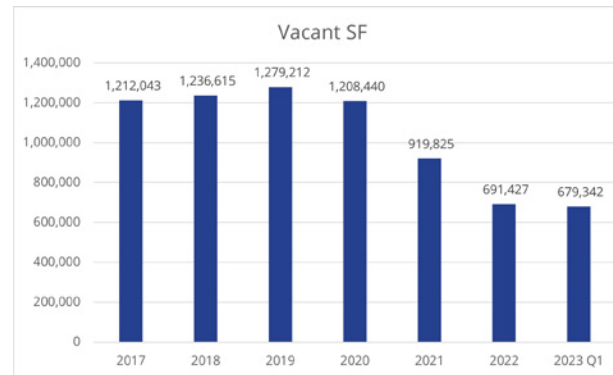
Medical Office Overview

Palm Beach County

Palm Beach County has an established healthcare and life sciences industry. As many industries faced turbulent times induced by the pandemic, the healthcare real estate sector experienced increased demand and low vacancy rates. With strong in-migration and an aging population, many providers are growing their practices to cater to the increased demand. Outpatient medical office facilities have become popular among hospitals and healthcare companies seeking to “retail-ize” their medical services by bringing patient care to local neighborhoods, rather than travelling longer distances to go to hospital facilities.

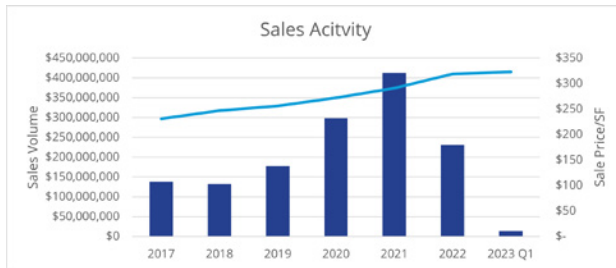
- The Palm Beach County medical office market is comprised of 13.4 million square feet and is currently 94.9 percent occupied, leaving approximately 679,000 square feet vacant.
- 7.2 percent of businesses in Palm Beach County are in the health services industry, accounting for 11.4 percent of employees.
- The average amount spent on healthcare by a Palm Beach County resident is \$8,011, amounting to nearly \$5 billion total.

Vacancy



- The medical office vacancy rate in Palm Beach County has dropped 410-basis points since 2017, and is currently at 5.1 percent, down from 9.6 percent at its highest point in the last five years.
- The medical office market in Palm Beach County has remained fully recovered from the pandemic, with a 450-basis point drop in vacancy rates from year-end 2019 to the first quarter of 2023.
- The Palm Beach County medical office market ended 2022 at its lowest vacancy rate in five years, 5.2 percent and dropped another 10-basis points ending the first quarter of 2023 at 5.1 percent.

Sales Activity



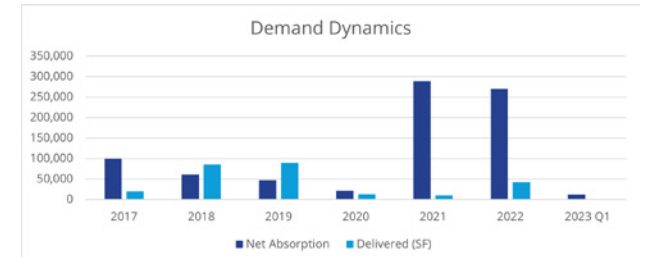
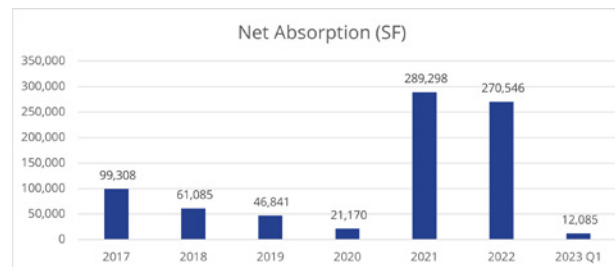
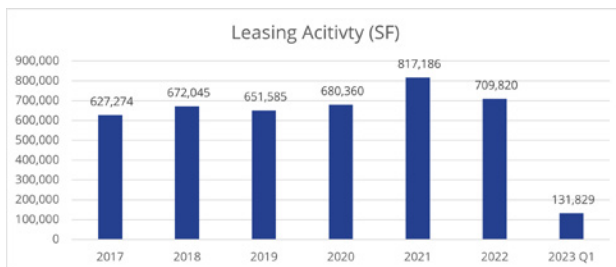
- Sales volume in the Palm Beach County medical office market hit its highest point in 2021 at \$413 million and totaled \$231 million in 2022. Although it cooled off some, the total was on par with the five-year average.
- Sales price per square foot rose to an all-time high of \$319 per square foot in 2022, rising even further in the first quarter of 2023 to \$323, indicating the health of the market and strong investor demand despite limited supply.

Gross Rental Rates



- Gross rental rates in the Palm Beach County medical office market ended 2022 at \$32.22 per square foot, achieving a record high and growing even more in the first quarter of 2023 to \$32.53.
- Since 2017, gross rental rates have increased 20.8 percent for medical office space in Palm Beach County.

Leasing Demand



- Demand for medical office space in Palm Beach County is strong with net absorption remaining positive in the face of new deliveries each of the last 5 years.
- Leasing activity in the Palm Beach County medical office market has remained steady, an average of close to 700,000 square feet leased annually over the past five years.

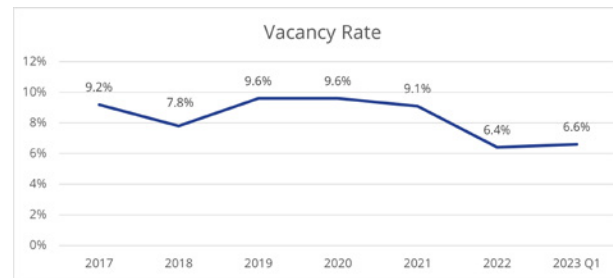
Medical Office Overview

Delray Beach

The Delray Beach medical office submarket inventory is 1.4 million square feet, making up 10 percent of Palm Beach County's medical office inventory. The medical office submarket in Delray Beach is currently 86.8 percent occupied.

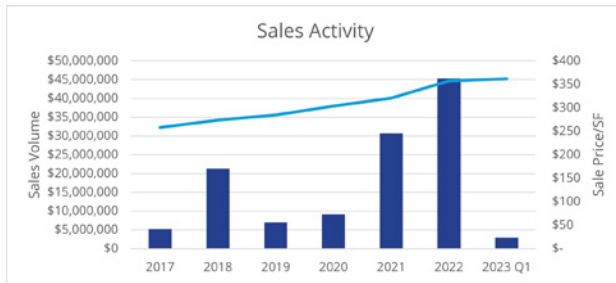
- Delray Beach is home to 440 health services businesses and 5,510 health services employees.
- The average amount spent on healthcare by a Delray Beach resident is \$7,911, amounting to nearly \$250 million total.

Vacancy



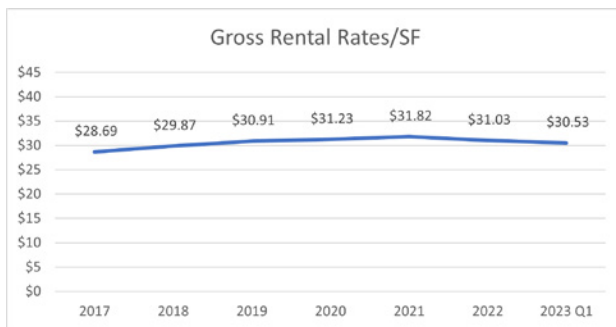
- The medical office vacancy rate in Delray Beach has dropped 260-basis points since 2017, and is currently at 6.6 percent, down from 9.6 percent at its highest point in the last five years.
- The medical office market in Delray Beach has remained fully recovered from the pandemic, with a 300-basis point drop in vacancy rates from year-end 2019 to the first quarter of 2023.
- The Delray Beach medical office market ended 2022 at its lowest vacancy rate in five years, 6.4 percent.

Sales Activity



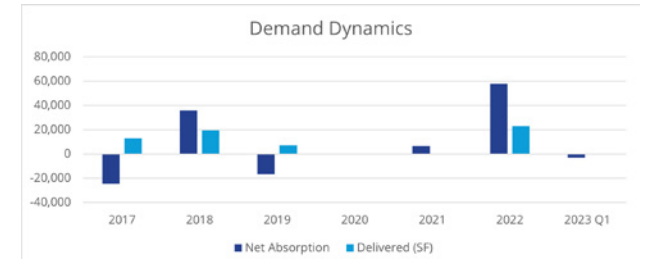
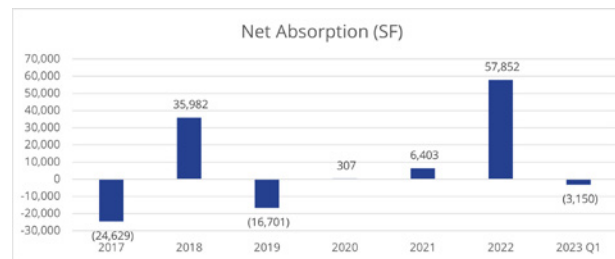
- Sales volume in the Delray Beach medical office submarket hit its highest point in 2022 at \$45 million outpacing, and more than doubling, the five-year average of \$20 million.
- Sales price per square foot rose to an all-time high of \$357 per square foot in 2022, rising even further in the first quarter of 2023 to \$362, indicating the health of the market and strong investor demand despite limited supply.

Gross Rental Rates



- Gross rental rates in the Delray Beach medical office market ended 2022 at \$31.03 per square foot, achieving a record high.
- Between 2017 and 2022, gross rental rates have increased 8.2 percent for medical office space in Delray Beach.

Leasing Demand



- Demand for medical office space in Delray Beach is strong with net absorption outpacing new supply in 2022.
- Medical office leasing activity in Delray Beach has remained steady, an average of close to 44,000 square feet leased annually over the past five years.

Medical Office Market Drivers

Accessibility

The property is located on Sims Road, just off of West Atlantic Avenue between Jog Road and South Military Trail. Interstate-95 is 3.1 miles east of the property, a 10-minute drive, while Florida's Turnpike is 3.6 miles to the west of the property, an 11-minute drive, both accessible via West Atlantic Avenue. Proximity to major highways connects the property to surrounding Orlando and South Florida markets. The site is midway between Fort Lauderdale-Hollywood International Airport (FLL) and Palm Beach International Airport (PBI), a 30 to 45-minute drive to both.

Proximity to Delray Medical Center

The property is located just three miles north of Delray Medical Center which has served the communities of Palm Beach County and northern Broward County with excellence for more than 30 years. It is a Level 1 Trauma Center, a nationally ranked heart center, and an acute care hospital with 523 licensed beds. Delray Medical Center is driving growth in the medical office market in the area as medical professionals want to be nearby first-class medical facilities.

Limited Medical Office Supply to Serve Growing Demand

Within a three-mile radius of the property, is

Delray Medical Center and approximately 55 medical office buildings with a vacancy rate of 7.8 percent and an asking rental rate of \$29.70 per square foot gross. With limited new construction in the area in recent years, rental rates have increased 6.3 percent over the last five years. Rental rates are expected to grow due to increased demand for medical office space driven by a growing population and a need for stable tenants amid rising inflation and interest rates.

Lower Cost Outpatient Facilities on the Rise

A growing trend among physicians and surgical centers is to opt for lower cost outpatient facilities near major medical centers, but also closer to where patients live than traditional healthcare space. This comes as medical office users are beginning to cater to patients as consumers, not just patients, that choose their providers based on accessibility, technology, and other concierge-type services that are often provided at lower cost medical office building facilities.

Nearby Growing Population Centers

The demand for medical office space in Delray Beach correlates with population growth. Delray Beach currently has an estimated population of 67,000 and an annual growth rate of 0.3 percent. Since 2010, the population has increased 11.0

percent from a recorded population of 61,000. With the property positioned between Palm Beach and Broward counties, the broader catchment market encompasses 3.5 million people. Medical office demand follows population growth so demand along this corridor has been particularly strong and is expected to continue expanding alongside continued population growth.

Aging Population & Retirement Haven

In addition to an aging population, Palm Beach County has become one on the Country's primary retirement spots for Baby Boomers. This is expected to bolster an already growing demand for health care services as a critical mass of retirees add a vast variety of medical demands. Nearby developments like the recently completed Assisted Living Facility, Inspired Living at Delray, and under construction Assisted Living, Facility HarborChase of Boynton Beach, are also catering to the same increase in demand proximate to Delray Medical Center.

Growing Medical Cluster

Medical office buildings have emerged as a highly sought-after recession-proof asset as the global pandemic further exacerbated the growing need for healthcare facilities. Furthermore, healthcare is a targeted industry in Palm Beach

County and significant efforts are made to attract new businesses through permitting, incentive funding assistance, workforce development, research services, and connections to public/ private resources. Residents and visitors have access to some of the nation's best healthcare in Palm Beach County as the medical cluster continues to grow.

U.S. Medical Office Outlook

Long-term trends in the medical office sector, and the healthcare industry as a whole, remain positive. Demand for space is outpacing supply, rents are rising, and the broader issues affecting the commercial office sector are not trickling down to medical properties. Nationally, investment sales volume set a record in 2022, thanks to the HR/HTA merger, while other asset classes experienced a decline. Expect to see continued consolidation and innovation in healthcare in 2023 and beyond. The lucrative healthcare market, with an aging population, expanding population, and underserved communities, offers attractive investment targets. Innovation in the industry offers opportunities for providers and hospitals to evolve and find new ways of servicing patients. As such, the medical office market is well-positioned and will continue to evolve to meet the sectors growing needs.



Medical office buildings have emerged as a highly sought-after recession-proof asset as the global pandemic exacerbated the growing need for healthcare facilities.

Market Demographics



Population	5 Mile Drive	10 Mile Drive	15 Mile Drive
2022 Total Population	134,133	474,477	977,722
2027 Total Population	136,189	480,864	991,533
2022 to 2027 Population Change	1.5%	1.3%	1.4%
Households			
2022 Households	67,454	213,341	408,112
2027 Households	68,349	215,857	412,968
2022 to 2027 Household Change	1.3%	1.2%	1.2%
Income			
Average Household Income	\$107,376	\$122,155	\$110,788
Median Household Income	\$66,688	\$78,315	\$71,701
Housing			
Median Home Value	\$322,666	\$351,738	\$334,105



Market Overview

14565 Sims Rd, Delray Beach, Florida, 33484
15 mile radius

Household & population characteristics



\$71,701

Median household income



\$334,105

Median home value



68.9%

Owner occupied housing units



48.0

Median age



52.0%

Female population



48.5%

% Married (age 15 or older)

Annual lifestylespending



\$3,112

Travel



\$69

Tickets to Movies



\$98

Theatre/Operas/ Concerts



\$75

Admission to Sports Events



\$7

Online Gaming Services

Households & population



977,722

Current total population



991,533

5 Year total population



408,112

Current total households



412,968

5 year total households

Education

10%

No high school diploma



24%

High school graduate



26%

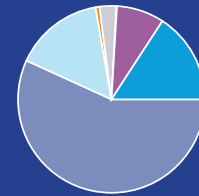
Some college



39%

Bachelor's/graduate/prof degree

Race



- White population
- Black population
- American Indian population
- Asian population
- Pacific islander population
- Other race population
- Population of two or more races

Business



55,247

Total businesses



427,847

Total employees

Employment



66%

White collar



18%

Blue collar



17%

Services

4.8%

Unemployment rate

Annual household spending



\$2,521

Apparel & Services



\$207

Computers & Hardware



\$4,562

Eating Out



\$6,589

Groceries



\$7,768

Health Care



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