



Palm Beach County

Medical Building

24Q4

Key Takeaways

- Occupancy reached 94.0% in Q4 2024, with only 734K SF vacant.
- Asking rents reached \$36.32 PSF, a 23.5% jump over the last five years.
- Post-election optimism is anticipated to spur increased market activity.



Vacancy Rate
6.0%



Net Absorption
48K SF



Under Construction
31K SF



Medical Asking Rates (N)
\$36.32/SF



Strong Demand for MOB Space in Palm Beach

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. Consistent in-migration and an aging population supports medical providers expanding their practices to cater to the growing demand. Medical concierges have become increasingly popular among a broad demographic in Palm Beach County, which has 39.1% of the population above the age of 55 and a household income above the national average. Additionally, behavioral health services have increased over the past five years, accelerated by the pandemic, which has attracted investor interest in the sector.

Economic Indicators



4.0%

Unemployment Rate



2.4%

GDP - Quarterly Change Yr/Yr



4.576%

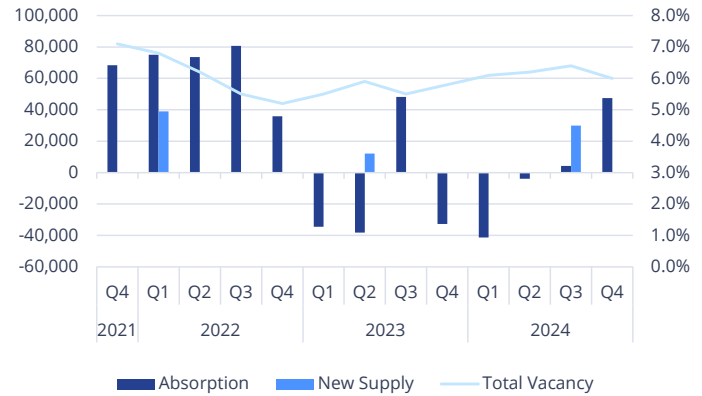
U.S. 10 Year Treasury Note

Historic Indicators

	23Q4	24Q3	24Q4
Total Inventory (SF)*	12,266.8	12,296.8	12,296.8
Under Construction (SF)*	40.9	30.9	30.9
Net Absorption (SF)*	(32.7)	4.3	47.5
Overall Vacancy	5.8%	6.4%	6.0%
Overall Asking Lease Rates (N)	\$34.77	\$35.84	\$36.32
Average Rent Growth YOY	6.3%	4.9%	4.5%
Quarterly Sales Volume*	\$51,352.2	\$21,313.9	\$48,525.3
Sales Pricing PSF	\$279	\$278	\$280

*in thousands

Historic Absorption Delivery and Vacancy Rates



Source: Colliers, Costar

Construction Projects



FoundCare Health Center
Under Construction
20,000 SF



9701 Belvedere Rd
Completed Q3 2024
30,000 SF



Cleveland Clinic
Proposed
308,000 SF

Source: Costar

Sale Transactions

Property Name	City	Building Size (SF)	Sale Price	Price PSF	Date
HTA Medical Office Portfolio	Multiple	169,856	\$54,560,000	\$321	Q4 2024
1620 S Congress Ave	Palm Springs	18,400	\$6,200,000	\$337	Q3 2024
431 University Blvd	Jupiter	10,072	\$5,400,000	\$536	Q3 2024

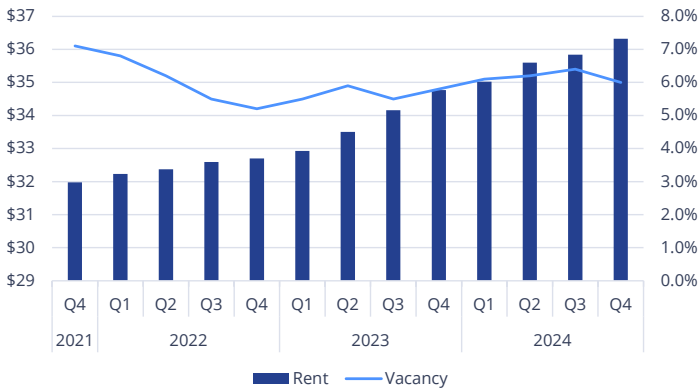
Executive Summary

Palm Beach County's medical office market, comprised of 12.3 million square feet, enjoyed a strong 94% occupancy rate in Q4 2024, leaving approximately 734,000 square feet vacant. Average asking rents have climbed an impressive 23.5% over the past five years, reaching \$36.32 per square foot gross. Construction in this sector remains constrained, with only 31,000 square feet currently under development. Economic and political uncertainty has led developers to postpone major investments. Likewise, medical office building sales have slowed since 2022. Although lenders still find medical office properties attractive, increased interest rates are impacting capitalization rates, discouraging some owners from selling. Investment sales of medical office reached \$98.6 million in 2024 with almost half of that occurring Q4 alone, and an average price per square foot of \$279. Looking ahead to 2025, post-election optimism and adaptation to a prolonged higher interest rate environment are expected to stimulate market activity.

Market Graphs

Palm Beach County

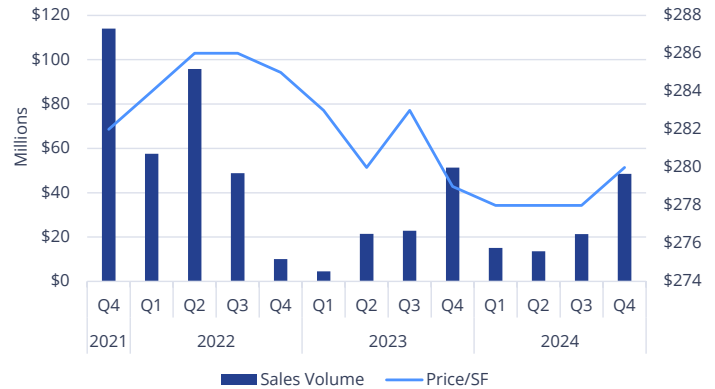
Medical Office Vacancy & Rents



Source: Colliers, Costar

Palm Beach County

Medical Office Sales Volume & Price/SF



Source: Colliers, Costar

Palm Beach County | 24Q4 | Market Statistics

Quarter & Year	Buildings	Total Inventory SF	Direct Vacancy %	Sublease Vacancy %	Total Vacancy %	Net Absorp. Current Qtr. SF	Net Absorp. YTD SF	New Completions SF	Under Construction SF	Overall Avg. Direct Asking Rate FS
2024 Q4	419	12,296,840	5.6%	0.3%	6.0%	47,505	6,686	0	30,898	\$36.32
2024 Q3	419	12,296,840	6.0%	0.4%	6.4%	4,275	(40,819)	30,000	30,898	\$35.84
2024 Q2	418	12,266,840	5.8%	0.4%	6.2%	(3,845)	(45,094)	0	60,898	\$35.60
2024 Q1	418	12,266,840	5.8%	0.3%	6.1%	(41,249)	(41,249)	0	60,898	\$35.02
2023 Q4	418	12,266,840	5.4%	0.3%	5.8%	(32,675)	(57,027)	0	40,898	\$34.77
2023 Q3	418	12,266,840	5.2%	0.3%	5.5%	48,271	(24,352)	0	40,898	\$34.16
2023 Q2	418	12,266,840	5.2%	0.7%	5.9%	(38,146)	(72,623)	12,100	40,898	\$33.50
2023 Q1	417	12,254,740	5.3%	0.2%	5.5%	(34,477)	(34,477)	0	52,998	\$32.93
2022 Q4	417	12,254,740	5.1%	0.2%	5.2%	35,872	265,238	0	12,100	\$32.70
2022 Q3	417	12,254,740	5.3%	0.3%	5.5%	80,667	229,366	0	12,100	\$32.59
2022 Q2	417	12,254,740	5.9%	0.3%	6.2%	73,629	148,699	0	12,100	\$32.37
2022 Q1	417	12,254,740	6.4%	0.4%	6.8%	75,070	75,070	38,948	12,100	\$32.23
2021 Q4	415	12,215,792	6.6%	0.5%	7.1%	68,374	298,516	0	51,048	\$31.98