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Palm Beach Gardens Office Complex in Tight Market Sells for \$50M

An affiliate of a Pennsylvania-based real estate investor sells the leasehold rights to a joint venture for \$205 a square foot.

By **Lidia Dinkova** | May 29, 2020

An affiliate of a Pennsylvania-based real estate investor sold a three-building Palm Beach Gardens office complex with a 1-acre retail lot for \$49.75 million.

An Alliance Partners HSP LLC affiliate sold the leasehold interest in Golden Bear Plaza to a joint venture of MHCommercial Real Estate Fund LLC and Waterfall Asset Management LLC for \$205 a square foot.

Alliance Partners is an affiliate of a Honolulu-based commercial real estate investor, The Shidler Group, founded in 1972 by Jay Shidler and led by managing partners Clay Hamlin and Richard Previdi.

Shidler Group affiliate Terra Funding GB Inc. is listed as the property owner on the Palm Beach County Property Appraiser's website. The leasehold sale doesn't include the land value, explaining the relatively low per square foot price.

MHCommercial Real Estate, based in West Palm Beach, was formed and is led by former principals of commercial real estate firm NAI/Merin Hunter Codman. Waterfall Asset Management, based in New York, is an investment adviser with \$8.8 billion in assets under management as of February.

The investment makes sense for the joint venture as Golden Bear Plaza is an office complex in an affluent, supply-constrained area that's coveted by tenants.

The lack of a state income tax and local taxes, collectively called SALT for state and local taxes, are in part what makes the region attractive.

Golden Bear Plaza has prospered as some tenants moved in from out of state, likely to take advantage of the favorable tax climate. The property is 90% leased.

"Golden Bear Plaza has benefited tremendously from 'SALT' relocations as over 28,000 square feet at the property is occupied by tenants who moved from out of state, predominantly from the Northeast," Jose Lobon, an executive vice president with seller's representative CBRE Group Inc., said in prepared remarks.

Lobon worked with CBRE vice chairman Christian Lee, also in Miami, to exclusively represent the seller.

Florida is benefiting from the SALT savings, but Palm Beach County especially so, Lobon added.

Trump administration tax cuts that took effect in 2018 made moves from states with high income taxes to Florida more worthwhile because of limits on state and local tax deductions.

"Now more than ever businesses and individuals are flocking to Florida to take advantage of large savings as a result of the lack of state and local taxes," he said in a news release. "More acutely, Palm Beach County has seen the largest impact of 'SALT' as the multimillion-dollar homes, white sand beaches and exclusive country clubs have drawn the interest of wealthy decision-makers."

Golden Bear Plaza is 243,274 square feet in six-story buildings plus a 1-acre lot leased to Regions Bank. The complex is east of U.S. Highway 1 and half-mile north of PGA Boulevard at 11760 U.S. Highway 1 North. It offers views of the ocean and Intracoastal Waterway.

It's the only institutional-quality office asset in the area, positioning it well for healthy occupancy.

A company owned by retired golf great Jack Nicklaus developed Golden Bear Plaza from 1985 to 1990 and borrowed his nickname for the development.

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