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Palm Beach County Expanding on Health, Pharma Fronts

Carla Vianna, Daily Business Review

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Palm Beach County is a medical hub waiting to happen.

The third most populous county in Florida has a history of attracting the ultra-wealthy and retirees to its sun-drenched coastlines. From 2010 to 2016, the region's population grew by 4.7 percent, and 15 percent of residents were age 65 and over in 2015, according to the U.S. Census Bureau.[Related items]

"The demographics here as good as they get," said Anthony Librizzi, first vice president with CBRE Inc. in Palm Beach Gardens.

The county is home to an appealing patient base for health care providers: an aging population that can afford to pay for health services.

And the medical industry is responding. **The Health Care District of Palm Beach County**, an independent taxing district offering an array of health care services, recently inked an \$18.5 million lease for a 42,000-square-foot office in West Palm Beach. The public district plans to add 27 employees when it relocates to 1515 N. Flagler Drive later this year.

"That is a clear indication that the demand for medical care in Palm Beach County is certainly growing exponentially," Librizzi said.

West Palm Beach in particular has seen an influx of medical-related companies leasing space.

Cloud-based medical software firm Integra Connect took 14,000 square feet at Flagler Center, about 1½ miles south of the district's new home.

The rapidly expanding Jupiter Medical Center and biotech venture capital firm **F1 Bioventures** signed leases at the Bank of America Centre, an office tower at 625 N. Flagler Drive set to become a medical hub itself. West Palm Beach developer Michael McCloskey and investor Tom Quick purchased the 10-story office property last year with plans to reposition the building with medical tenants.

Jupiter Medical Center is partnering with New York's Mount Sinai, one of the nation's largest teaching hospitals, which also will have a presence at the Bank of America Centre. Collectively, the two will occupy about 15,000 square feet in the downtown building.

Librizzi said the Jupiter hospital's entry into the downtown West Palm Beach market points to a trend of hospitals expanding off campus.

"We are aware of other hospitals that are out there looking for space to compete with some of these smaller urgent care [centers] — and to get closer to their patients," he said.

One of the drivers for Mount Sinai's partnership with Jupiter Medical was to cater to patients who split their time between New York and South Florida.

Joe DiMaggio Children's Hospital is following suit. The Hollywood hospital will expand to a newly built office complex in Wellington, its first location in Palm Beach. Dubbed Wellington Office Parc, the 32,000-square-foot facility at 3377 S. State Road 7 will come online early next year.

Life Sciences

Palm Beach County is not only providing the health care industry with people who need medical services but also with people who can perform the work, [said Neil Merin](#), chairman of NAI/Merin Hunter Codman Inc.

Merin, who helped the [Health Care District with its relocation](#), said the region's desirable lifestyle is attracting an educated workforce in addition to New York snowbirds. Health care businesses take note of the growing talent pool. Merin hopes the businesses entering the market help provide fertile ground for life science companies looking to relocate to South Florida in the future.

"We are seeing minor traction in life science businesses, but it's still not living up to the expectations we had [14] years ago when Scripps came here," he said.

The state and county invested heavily to lure the Scripps Research Institute and Germany's Max Planck Society to Florida. When Jupiter landed a Scripps branch in 2003, Palm Beach County was expected to evolve into a major biotech cluster supporting thousands of new high-paying jobs.

But the evolution has been slow, even after the county secured two top-tier research institutions.

"We are by no means there yet," said Kelly Smallridge, president and CEO of the Business Development Board, the county's economic development agency. "I would say we have made very good strides ... given that we've only been at this for about 15 years."

She said the county is anchored by 14 hospitals and home to a number of medical device companies, including [Zimmer Biomet's](#) dental implant operation and Johnson & Johnson's DePuy Synthes Power Tools in Palm Beach Gardens.

The county has recently witnessed growth at its pharmaceutical companies. Charleston Laboratories Inc., which develops novel pain products, expanded its Jupiter operations in 2016. Two others — Boca Raton's KRS Global Biotechnology, a custom pharmaceutical maker, and Riviera Beach's Sancilio & Co., a fish oil maker — have expanded their footprints and aim to add hundreds of jobs over the next five years.

Max Planck [announced in February that a spinoff, Abberior Instruments America](#), has chosen the Jupiter facility for its U.S. headquarters. The company manufactures Nobel Prize awarded imaging technology.

"Companies are clearly recognizing the ecosystem we are developing in Palm Beach County," Smallridge said.

There's still work cut out for the real estate industry if it wants to see more life science tenants. Businesses like Sancilio "will tell you it's been extremely difficult to find light industrial space in our county," she added.

Their real estate needs differ. Pharmaceutical companies are searching for light-industrial space, a mix of office and lab space fit for manufacturing. Venture capital firms like F1 Bioventures are looking for 3,000 to 5,000 square feet of pure-office space.

Health care and biotech tenants typically look for Class A facilities, but inventory is tight, especially in the northern end of the county, said Kevin McCarthy, senior vice president with Colliers International in Palm Beach Gardens.

Over the past two years there has been no new Class A office construction in Palm Beach County. Vacancy levels dropped to 12.4 percent in 2016, the lowest level since 2007, according to Colliers.

McCarthy expects more health care and biotech companies to look at the county this year. In December, West Palm Beach hosted the World Stem Cell Summit, which brought hundreds of scientists and industry leaders together — the type of convention that has the potential to draw tenants to the market.

Contact Carla Vianna at cvianna@alm.com. On Twitter: [@CarlaOVianna](https://twitter.com/CarlaOVianna)

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