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## Boca Raton Office Complex Turnover Completed in 8 Months

Carla Vianna, *Daily Business Review*

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Chris Drew and Hermen Rodriguez of HFF.

*Courtesy photos*

When the Peninsula Executive Center hit the Boca Raton market, half a dozen buyers cast their offers.

The 187,784-square-foot, Class A office property appealed to both institutional and private investors with its long history and a steady income stream, said HFF senior managing director Chris Drew, who marketed the property.

"Most office deals tend to have a fluctuation in occupancy," Drew said. "The occupancy of this asset hasn't dipped below 90 percent in the last eight to 10 years, which is really impressive for any office deal, particularly suburban office."

Drew worked with fellow senior managing director Hermen Rodriguez to market the property on behalf of a Boca Raton-based company led by South Florida vitamin entrepreneur Carl DeSantis, according to Palm Beach County property records. HFF's Ike Ojala, Brian Gaswirth and Matthew McCormack also worked on the deal.

The Peninsula Executive Center consists of two four-story buildings and a 742-space parking garage at 2381-2385 Executive Center Drive adjacent to the Midtown Boca district where developers plan to build thousands of residential units and commercial space.

Its proximity to Midtown Boca also help lure potential buyers. The district is expected to evolve into a "live, work, play" community with new apartments, condominiums, shops and restaurants.

Anchored by Newell Brands, the executive center northwest of Interstate 95 and Glades Road was 97 percent leased when it sold for \$318 per square foot.

Drew said the team identified the buyer and closed the sale about eight months after bringing the property to market.

The buyer, C. Talanian Realty Co. of Boston, paid \$59.75 million for the office complex in a 1031 exchange deal, Drew said. The 1031 vehicle allows investors to defer taxes when they sell a property and quickly reinvest the gain in a similar income-producing asset.

**Arnstein & Lehr attorney Steven Daniels represented the buyer and helped arrange a \$33.5 million acquisition loan.**

**"The transaction — like many of this size — had its challenges," Daniels said. "We handled not only the complex negotiations with the seller but also negotiated the structure of the financing. Life insurance companies are much different than typical banks and the financing and negotiations are a lot more involved. Fortunately, we established a good working relationship early with all parties which made the more difficult issues a little easier to navigate."**

The building last traded in 2000 for \$33 million, according to property records. That's an 81 percent gain in 17 years.

The June 15 deal was the first major investment by C. Talanian Realty in South Florida. The family-run group primarily focuses on Boston's tony Newbury Street.

Drew said the buyer was attracted to main-and-main location near the heart of Boca Raton and its durable, long-term cash flow.

"This was a highly sought after investment opportunity in the very dynamic West Boca office market," Rodriguez said.

The HFF team also helped arrange the acquisition loan from Principal Financial Services Inc., a life insurance company.

"A number of balance sheet lenders aggressively pursued this opportunity; however, Principal was ultimately selected due to their deep knowledge of the Boca office market and their ability to structure a creative financing solution," Drew said.

Investor appetite is strong in Boca Raton's suburban office market, which reported year-over-year increases in rental rate growth and occupancy, he added.

With more than a decade of commercial real estate experience, Drew co-leads HFF's Miami office. His role includes overseeing day-to-day operations and arranging joint venture equity, preferred equity, mezzanine financing and senior-level financing for real estate throughout the U.S.

The senior managing director has completed \$7 billion in real estate transactions in his career. He joined HFF in 2010.

Rodriguez has more than 24 years of experience in the same field. Also in the Miami office, he is responsible for institutional-grade sale and debt transactions in the Southeast. He joined HFF in 2011 and has since focused on office building deals, working on over \$2 billion of debt and sale assignments throughout his career.

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