

The Colliers logo, featuring the word "Colliers" in a white serif font on a dark blue rectangular background with a thin yellow and red horizontal stripe at the bottom.

Colliers

# 40TH ST

## MEDICAL PLAZA

16601 N 40TH STREET  
PHOENIX, AZ

Multi-Tenant Medical  
Office Complex

[Click here for property website](#)

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Colliers, as exclusive advisor, is pleased to present the opportunity to acquire 40th Street Medical Plaza, a ±41,703 square foot, two-story medical office property in the Paradise Valley submarket of Phoenix, Arizona (the "Plaza" or "Property"). This value-add investment opportunity is 77.4% leased to a synergistic mix of 11 quality, tenured specialty, and primary care medical providers, while seven vacant suites offer a compelling value-creation component. One of Arizona's most prominent surgical specialists, Valley Surgical Clinics, occupies one-third of the Plaza, and will sign a 10-year lease at closing.



## Financial Summary



**PRICE:**  
\$7,260,000



**IN PLACE ESTIMATED  
NET OPERATING  
INCOME:**  
\$443,033



**PER SQUARE FOOT:**  
\$174



**STABILIZED ESTIMATED  
NET OPERATING  
INCOME:**  
\$580,429

## Property Summary



**BUILDING SIZE:**  
±41,703 SF



**YEAR BUILT:**  
1986; Renovated 2015



**SITE AREA:**  
±2.90 Acres (±126,324 SF)



**OCCUPANCY:**  
77.4%



**ZONING:**  
CO, City of Phoenix



**PARKING:**  
4.8 per 1,000 square feet

## INVESTMENT HIGHLIGHTS

### Rare Opportunity for Security and Value-Creation

The weighted average lease term for the existing tenants is an impressive 5.9 years. Valley Surgical Clinics will commence a new 10-year lease at closing. This provides outstanding stability of the existing tenancy, allowing investors to focus on value-creation through lease-up of the vacancy.

### Excellent Mix of Essential Tenants

This high-quality tenant base consists of Valley Surgical Clinics, one of the oldest and most respected surgical and trauma practice groups in Arizona, occupying 32.3% of the project. The other 10 providers a cohesive combination of clinical space for a vascular and cardiothoracic practice, general family practice, internal medicine, naturopathic medicine, wellness center, among others.



# MARKET HIGHLIGHTS

## Increasing Demand for Medical Space

The population of Greater Phoenix is projected to grow nearly 2.5% each year during the next few years. The underlying drivers of demand for medical office space remain strong as the healthcare industry continues to add staff to meet new demand. Healthcare employment has been one of the fastest-growing segments of the local economy. As an example, over-the-year, medical employers have added approximately 6,500 new jobs in 2020.

## Growing Rental Rates

Rising construction costs have discouraged new development, allowing vacancy to absorb, occupancies to stabilize and rents to grow. Average asking medical office rental rates in greater Phoenix were at \$22.92 PSF full service as of 1st quarter 2021, 6.2% higher than one year earlier. Properties across the valley will enjoy ongoing rental growth due to supply shortages in preferred areas and new developments at higher costs.

# PROPERTY HIGHLIGHTS

## Quality Property Features with Future Opportunity

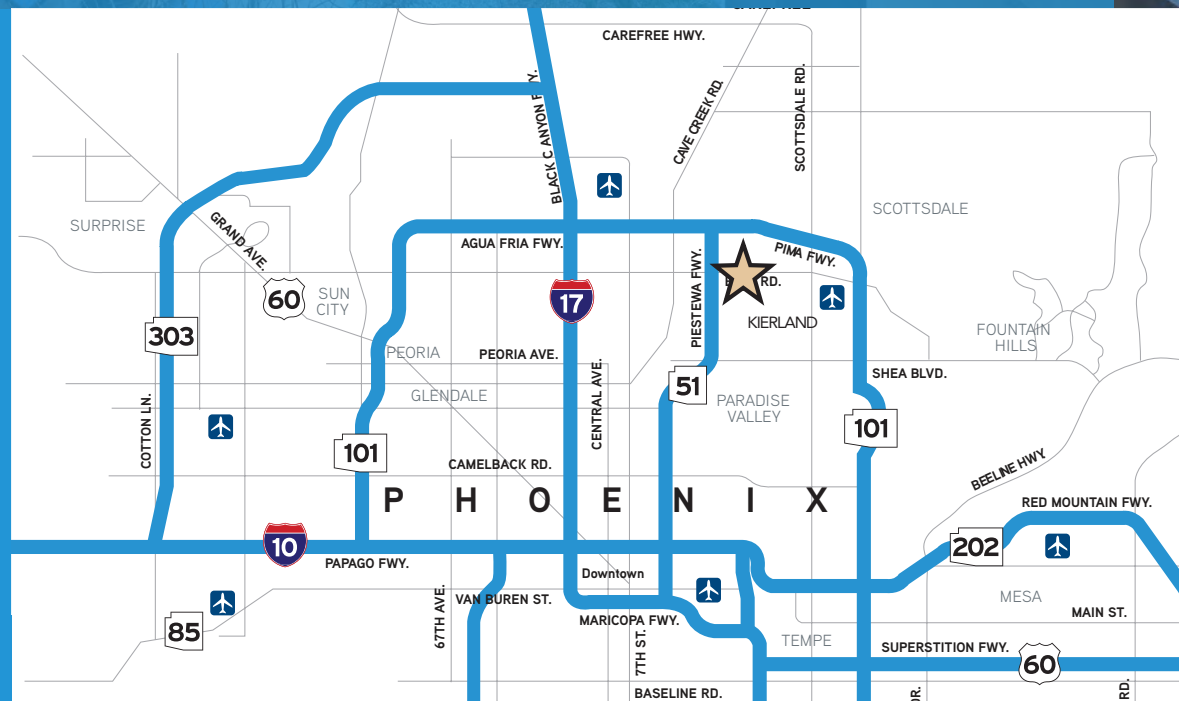
The attractive, well-maintained property displays proof of pride of ownership through professional landscaping, attractive renovations in 2015 upon acquisition by Valley Surgical Clinics, with some spaces yet to be renovated as a part of the value-add investment opportunity.

## Intentionally Designed Site Plan

A well-thought-out site plan provides great visibility and access from 40th Street, easy on-site circulation, generous parking (of which 25% is covered) surrounding the buildings, and convenient entrances into the landscaped courtyard that access all tenant spaces.



One of Arizona's most prominent surgical specialists, Valley Surgical Clinics, occupies one-third of the Plaza.







**COLLIERS**  
2390 E Camelback Road  
Suite 100  
Phoenix, AZ 85016  
[www.phoenixinvestment.properties](http://www.phoenixinvestment.properties)

#### EXCLUSIVE INVESTMENT ADVISORS:

**MINDY KORTH**  
Executive Vice President  
+1 602 222 5005  
[mindy.korth@colliers.com](mailto:mindy.korth@colliers.com)

**JENNY BASSETT**  
Real Estate Analyst  
+1 602 222 5158  
[jenny.bassett@colliers.com](mailto:jenny.bassett@colliers.com)

#### DEBT & EQUITY ADVISOR:

**JOHN SMECK**  
Senior Vice President  
+1 602 222 5096  
[john.smeck@colliers.com](mailto:john.smeck@colliers.com)

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