

WPB's Palm Beach Lakes Boulevard corridor revives

Palm Beach Outlets sold for \$278M in May, and effect has been contagious

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Rendering of Palm Beach Outlets

The Palm Beach Lakes Boulevard corridor, which slumped last decade with the deterioration of the Palm Beach Mall, is now on the rebound, with the mall's replacement, Palm Beach Outlets, anchoring the revival. The corridor is about a mile northwest of downtown West Palm Beach. "That area is currently in the early innings of a great comeback story, and that story revolves around what is happening at the Palm Beach Outlets," Brad Capas, president of Capas Group Realty Advisors in Fort Lauderdale, told *The Real Deal*.

The Palm Beach Mall, Florida's first closed-air shopping center, opened in 1967 and gave a positive boost to the area, with upscale stores like Lord & Taylor. The nearby Villages became the place to live for young professionals in West Palm.

But the mall's fortunes sagged last decade, as the Gardens Mall in Palm Beach Gardens took away the upscale business. Young professionals left the Villages for Downtown West Palm Beach, and the entire area, which also includes a series of office buildings, suffered.

But everything changed with the opening of Palm Beach Outlets in February 2014. The open-air mall, which includes Saks Fifth Avenue Off 5th, Nike Factory Store and Brooks Brothers, is full of people day and night. The facility has only a 3 percent vacancy rate and [sold for \\$278 million in May](#), the second biggest real estate transaction in the county's history.

The effect has been contagious. Just last month, [the 10-story Horizons Office Building](#) with 64,247 square feet at 1401 Forum Way sold for \$10.2 million.

And the [Forum office complex](#), which consists of three 10-story buildings at 1655, 1665 and 1675 Palm Beach Lakes Boulevard, is being marketed. The buildings contain a combined 280,000 square feet of space and were purchased by an affiliate of Miami-based Panther Capital

Management for \$13.7 million in 2010. Panther suggests to potential buyers that one of the buildings can be re-purposed into a hotel.

“Historically investors were hesitant to buy and upgrade office buildings in the area, because the market wasn’t much of a growth story,” Capas said. “But now it fits the criteria for value investors. They’re looking for buildings east of I-95 in or near urban areas with a positive trend, which this is.”

New residential areas also are making the area attractive, said Capas and Peter Applefield, founding principal at Aurum Property Partners in West Palm Beach. [Billionaire real estate investor Jeff Greene](#) has a luxury apartment project that is partly finished just off Palm Beach Lakes Boulevard. The 548-unit community has 324 apartments available now and is set to be completed shortly. Another luxury apartment project off Palm Beach Lakes Boulevard, the Jefferson Palm Beach, opened with 282 units last year and is nearly full.

To be sure, it’s not a slam-dunk that the Class B office space being shopped — which now has a vacancy rate of about 20 percent — can be filled quickly, Applefield told *TRD*.

“The corridor is improving, but I’m not wildly bullish that the buildings will fill up in no time,” he said. “There are still significant vacancies. It’s not surprising they’re looking to take out one building and put in a hotel.”