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EXCLUSIVE

The Opportunity That's Seeing 20% ROI

By Jennifer LeClaire | Miami

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MIAMI—Investors are eyeing Palm Beach County for value-added opportunities. But what are the key areas of interest?

Globest.com caught up with **Brad Capas**, president of **CapasGroup Realty Advisors**, to get his thoughts on this question. You can still read his thoughts on why office developers are eyeing Palm Beach from an earlier interview.

"We continue to see value-add investing in the **multifamily** arena, both in traditional rental apartments as well as bulk unit acquisitions of fractured condominiums," Capas tells GlobeSt.com. "The typical value-add rental apartment scenario entails kitchen and bath upgrades in return for significant monthly rent increases."

In these instances, he says, the return on capital improvement dollars invested consistently revolves around 20%. Bulk condominiums are generally operated as rentals on an interim basis, and frequently offer the same upgrade premium potential as traditional rentals.

There is, though, a big "but." Capas says many also offer the prospect of higher reversion proceeds generated through selling the **multifamily** units individually as the housing market continues to improve.

"In the commercial space, such as office and retail, the value-add investment approach varies by property," Capas says. "We've seen very creative adaptive re-use scenarios, such as conversion of office to residential, demolition of older or obsolete properties for redevelopment or less extensive repositioning programs. In many cases these commercial value-add acquisitions are driven by attractive per square foot entry pricing."