



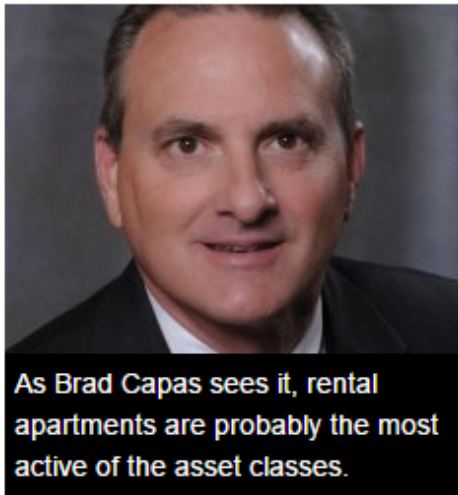
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What Kind of ROI Should You Expect?

By Jennifer LeClaire | Miami

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MIAMI—What types of ROI can investors expect in West Palm Beach? That was the pointed question we asked **Brad Capas**, president of **CapasGroup Realty Advisors**.

In our previous chat, he told us about a [specific opportunity](#) that's seeing 20% ROI. But that's not always the case.

"Investment returns in West Palm Beach vary by asset class and submarket but are generally consistent with returns for otherwise similar asset classes in nearby, surrounding markets," Capas tells GlobeSt.com. "This is largely attributable to the relative scarcity of quality investment opportunities throughout South Florida and the intensely competitive nature of today's investment market."

As Capas sees it, rental apartments are probably the most active of the asset classes. He notes that equity investment capital generally requires a return on cost in the 6.5% to 7% range for new apartment development projects.

"Assuming a new, class A apartment community was available for sale in a good, West Palm Beach location, investors would generally be willing to accept an unleveraged return or 'cap rate' in the 4.25% to 4.75% range," Capas says. "A well-located, class B apartment property in West Palm Beach could reasonably be expected generate an unleveraged return in the 5% to 5.5% range. Again, these are broad ranges that could vary considerably for a specific property or submarket."