

## **Downtown West Palm Beach – *The Momentum is Building (Part 1)***

*An Introduction to one of South Florida's Most Exciting Emerging Markets*  
CapasGroup Realty Advisors | August 2014

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*In the first of a two-part series, Brad Capas, President of CapasGroup Realty Advisors, discusses the groundswell of acquisition and development activity that is occurring in downtown West Palm Beach. He also identifies market characteristics that are driving the recent surge in investor and developer interest. In a follow-up article, Capas shares insight regarding where the opportunities lie for investors and developers to participate in the exciting momentum that is building in downtown West Palm Beach, Florida.*

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Downtown West Palm Beach is stepping out of the shadows of nearby Miami and Fort Lauderdale and rapidly evolving into a thriving, self-contained urban center. In fact, downtown West Palm Beach was recently ranked by *Forbes* magazine as the top city in Florida for business growth and careers.

Not surprisingly, real estate investors and developers are taking note and aggressively seeking opportunities to participate in the growth of this exciting market. Market drivers fueling the growth of downtown West Palm Beach include:

- Ease of access – just minutes from I-95 and Palm Beach International Airport
- Immediate proximity to Palm Beach wealth is attracting financial services firms
- Unique waterfront central business district with abundant shopping, dining and entertainment opportunities
- Excellent existing public transportation infrastructure that will be dramatically enhanced by All Aboard Florida, a high-speed commuter rail service that will extend through the center of downtown West Palm Beach
- Outstanding walkability to work, home, shops and neighborhood amenities
- Abundant quality housing for employees and higher-end opportunities for executives
- Proactive government leadership
- Unique “downtown personality” derived from an ideal blend of modern urbanism and historic preservation

The momentum is building – *Now is the time to invest in downtown West Palm Beach.*

### **Increasing Investment and Development Activity**

The pace of investment and development activity is surging in downtown West Palm Beach. What started as an assortment of strategic land and bulk condominium purchases in and around the downtown core over the past few years has morphed into a flurry of recent high-profile acquisitions. Notable examples include: the recent closing of the Chapel-by-the-Lake site at a reported land price of \$280,000 per unit and the August 2014 sale of the City Place Tower office building for a reported price of more than \$500 per square foot.

Several new, major hospitality and residential development projects have broken ground recently, including: the convention center Hilton Hotel, Loftin Place apartments and the Residence Inn by Marriott hotel. Recently Kolter Communities announced near-term plans to break ground on its 3 Thirty Three Downtown condominium high-rise building, the first major residential development downtown in nearly 10 years.

In addition, there are a number of other significant projects that are in various stages of the entitlement process or otherwise proposed in the market.

## **Access/Transportation/Parking**

Of its market drivers, Downtown West Palm Beach's ease of access is key, as it is arguably the most accessible of South Florida's three central business districts.

- Palm Beach International Airport and Interstate 95 are within a 10-minute drive of anywhere in the downtown area. Commuter rail service is provided to the edge of downtown by Tri-Rail and Amtrak.
- The proposed All Aboard Florida rail service will connect South Florida's three urban centers making the region truly commuter friendly and providing a high-speed rail connection between South Florida and Orlando. The new express passenger rail service will boost tourism in downtown West Palm Beach and help stimulate a robust urban center with high economic impact. In fact, a recent study reports that All Aboard Florida's downtown West Palm Beach station will be its busiest station in Florida.
- Municipal parking in downtown West Palm Beach is abundant, inexpensive and conveniently dispersed throughout the city. The DDA reports there are 8,000 parking spaces in the downtown area.

## **Walkability**

Investors and businesses relocating to urban environments are increasingly focused on walkability, seeking out pedestrian friendly environments that enable workers and residents to circulate effectively without the necessity of using a car.

Downtown West Palm Beach is a highly pedestrian friendly city. In fact, many locations within Downtown West Palm Beach boast a Walk Score in excess of 90 ([www.walkscore.com](http://www.walkscore.com)), and Institutional investors commonly consider a Walk Score of 85 or higher very desirable.

## **Entertainment/Shopping/Dining**

Downtown West Palm Beach offers one of the most vibrant and engaging urban lifestyle experiences in the region. It is rich with entertainment, shopping and dining opportunities that serve its residents and non-resident workers as well.

- CityPlace anchors the downtown shopping and entertainment scene. This vibrant mixed-use hub of residential and business activity consists of a variety of national retailers and restaurants plus a Muvico IMAX Theatre, offices and more.
- Clematis Street offers a combination of specialty boutiques, local dining establishments and trendy nightspots which make it a special place day or night.
- The Arts and Entertainment District, anchored by the Kravitz Center for the Performing Arts, is comprised of dozens of public and private museums, galleries and cultural venues in and around downtown West Palm Beach.
- The Palm Beach County Convention Center (350,000 sf) will continue to draw commerce to downtown West Palm Beach. Activity here is expected to increase dramatically upon completion of the adjoining 400+ room Hilton Convention Center Hotel.

## **Active Local Government Leadership**

The City of West Palm Beach has assumed a proactive leadership role in positioning downtown West Palm Beach for the new growth cycle it is embracing. The City is generally perceived as a progressive and reasonable jurisdiction within which to conduct business. Our developer clients describe the West Palm Beach approval process as even-handed and

responsive. Zoning throughout much of the downtown area is reasonably liberal and density bonuses (through the use of TDR's) are available for sites that qualify.

### **Investment Opportunities Abound**

In the second part of this series, Capas addresses various opportunities for real estate investors to participate in the growth and expansion of downtown West Palm Beach.

### **About CapasGroup Realty Advisors**

CapasGroup Realty Advisors is an investment sales organization specializing in the marketing and disposition of investment real estate in South Florida. CapasGroup President, Brad Capas has extensive experience in downtown West Palm Beach and the surrounding submarkets. Additional information about CapasGroup Realty Advisors and their current property listings can be viewed at: [www.capasgroup.com](http://www.capasgroup.com)

