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Investors Turning to Palm Beach for Value-Adds

By Jennifer LeClaire | Miami



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MIAMI—Bulk condo sales aren't entirely a thing of the past. One hundred-ten units at the Bermuda Cay condo in Boynton Beach, FL just sold for \$15.1 million—and industry watchers say the transaction represents a growing trend of Palm Beach County value-add investments.

Rosendo Caveiro, senior director of **Cushman & Wakefield** and **Brad Capas** of **CapasGroup Realty Advisors** represented the seller, an affiliate of **Dizengoff Group**, in the disposition. A private investment group that specializes in the bulk purchase of **fractured condominiums** throughout Florida acquired the assets.

"The coastal Boynton Beach condominium resale market has recovered considerably since the depths of the recession," says Capas, president of CapasGroup. "By our estimates, the average resale price of waterfront condominiums in this submarket has increased 19% since 2012."

The sale price of equals about \$137,300 per unit or \$127 per square foot for the 100 two-bedroom and 10 one-bedroom condos included in the transaction. The condos are located at 661 East Woolbright Road.

"At Bermuda Cay, unit pricing has increased 49% since 2011 and 26% since 2012," Capas says. "Notwithstanding this significant pricing growth, today's unit prices at Bermuda Cay are less than half of 2006 peak-market prices, signaling significant upside price potential."

Bermuda Cay sits along the Intracoastal Waterway on the north side of Woolbright Road. The property offers 160 condominium units in five, four-story buildings. Constructed in 1975, Bermuda Cay was extensively renovated in 2005, and has consistently maintained occupancy above 95% for most of 2014.

"Quality, bulk condominium offerings such as Bermuda Cay are particularly appealing to investors seeking yield enhancement potential," says Caveiro. "In addition to its strong current investment return, Bermuda Cay offers considerable upside potential to be realized by selling the units individually as market conditions continue to improve."