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EXCLUSIVE

Why Now is the Time to Build Palm Beach Office

By Jennifer LeClaire | Palm Beach

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"The performance and fundamentals of the Downtown West Palm Beach office market are compelling," says Brad Capas.

PALM BEACH—Why is now the time to invest and develop **office** product in downtown West Palm Beach? That's the question we asked **Brad Capas**, founder of CapasGroup Realty Advisors.

"The performance and fundamentals of the Downtown West Palm Beach **office** market are compelling," Capas tells GlobeSt.com. "For instance, the three true class A buildings in Downtown West Palm Beach are now 95% occupied so new tenants seeking large blocks of class A space are being turned away."

From Capas' perspective, if a new **office** building came to market there exists "sufficient demand" to secure at least one or two new market entrants with sizable **office space**

requirements. What's more, he says, tenants relocating locally from other, older class A and B buildings would drive additional pre-leasing activity.

Capas has a good point. Considering several hundred thousand square feet of existing **office** leases in around the urban core are scheduled to expire during the next five years, along with other market conditions, the timing seems right for new office development.

"From an economic standpoint the class A **office** rents in Downtown West Palm Beach now revolve around \$50 to \$55 per square foot gross," Capas says. "That's the highest among the three South Florida urban markets making a strong statement in support of development feasibility."

Capas also points to the recent sale of CityPlace Tower at more than \$500 per square foot. KBS REIT sold CityPlace Tower for \$150 million in August. That sale put Downtown West Palm Beach on the map for achieving the highest priced **office** building sale in South Florida for many years.

"These dynamics in combination with several proposed hotel, rental apartment and condominium developments, plus a new commuter rail station, will elevate the office and development appeal of downtown West Palm Beach," says Capas. Stay tuned for our series of articles featuring Capas' insight into the West Palm Beach **office** market. Next, we'll look at the impact All Aboard Florida's West Palm Beach station will have on the area.