

# ADVENTURE

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# A PLACE IN THE SUN

THE PALM BEACH REAL ESTATE MARKET IS STILL RED-HOT, REPORTS BETH LANDMAN. EMERGING, HIP NEIGHBORHOODS LIKE SOSO, EL CID, AND WEST PALM ARE FAST BECOMING THE NEW FRONTIER FOR THE FASHIONABLE FLOCK FROM NEW YORK.

**“PB** is not for the faint of wallet,” a top broker at Sotheby’s is fond of saying, and never have these words been truer. As people became less tethered to offices and realized they could easily work from a sunny, resort-style setting as opposed to an inclement urban one, there was a massive exodus of New Yorkers to Palm Beach. Prices skyrocketed and new neighborhoods emerged. Always exclusive and expensive, homes on the island doubled or tripled in value within just two years. But the surge has finally reached a plateau, and areas not on the island of Palm Beach once considered less desir-

able—like West Palm, SoSo (South of Southern), and El Cid—are suddenly in demand. *Avenue* checked in with some of Palm Beach’s real estate experts to gauge the market’s temperature, find out which locations are the next big thing, and discover some hidden gems that are currently available to buy. “Covid changed the landscape of real estate and once a price point has been established, it rarely goes down,” observes Richard Steinberg, a top broker at Compass. “While prices on the island and in the newer West Palm Beach condos are about \$4,000 per square foot, and you can’t get close to the water for under that, unless it’s a gut renovation. You can still get new construction in the north, on the block between the intracoastal

Olara Veranda,  
Douglas Elliman Real Estate

and Dixie Highway, for \$1,000 per square foot. You can also go west and get a condo in a gated community like Breakers West at \$2.5 million for a three bedroom, or \$1.5 for a two bedroom.” “If somebody purchased a house on the ocean for \$50 million in the spring of 2020, it’s probably worth \$100 million now,” says Tom Shaw, senior global real estate advisor for Sotheby’s International Realty in Palm Beach, to illustrate the market’s dramatic jump. “Bon Jovi bought 1075 North Ocean for \$43 million in July of 2020—and now it’s worth about \$89 million. Sales are extremely strong. There is currently about \$200 million worth of property in contract on the island that will be closing in the next month or two. The island has about 2,300 homes, 6,000 condos, and 70 town

houses, and presently there are about 70 homes and 80 condos for sale. Things have stabilized at this point, and in the past year Palm Beach property tax records show an increase of only 13 percent over last year. But it’s probably the strongest market in the country—even stronger than Miami—and, of course, there are always quiet, off-market listings that only brokers in the know are aware of. Here’s what’s cool about Palm Beach: it’s a small town with very high security. There is software on the bridges that reads every license plate. If a car comes across with stolen plates, it is picked up by the time it crosses the bridge. Some of the smartest individuals in the United States own property here, including Ken Griffin, who pays \$10 million in property tax annually, Nelson Peltz, Paul Tudor

BIRMAN STUDIOS



10 Tarpon Isle, Douglas Elliman Real Estate



10 Tarpon Isle, Douglas Elliman Real Estate

DANIEL PETTIGRA



10 Via Vizcaya, Sotheby's International Realty

## "BON JOVI BOUGHT 1075 NORTH OCEAN FOR \$43 MILLION IN JULY OF 2020—AND NOW IT'S WORTH ABOUT \$89 MILLION."

—TOM SHAW, SENIOR GLOBAL REAL ESTATE ADVISOR FOR SOTHEBY'S INTERNATIONAL REALTY.

Jones, Steve Ross, Jeff Green, John Thornton, Jon Tisch, and William Lauder (who bought Rush Limbaugh's house for \$155 million). We also have a lot of sports team owners, including Jeff Lurie (the Philadelphia Eagles), the Glazer family (the Tampa Bay Buccaneers), Charles Johnson (the San Francisco Giants), Woody Johnson (the New York Jets), Zygi Wilf (the Minnesota Vikings), Bob Kraft (the New England Patriots), and fashion icons like Tom Ford and Tommy Hilfiger."

Although it's hard to find anything oceanfront on the island for under \$30 million, Shaw has a unique, three-bedroom, 6,500-square-foot villa at 102 Gulfstream Road, that's selling for \$21 million. "It lives like a private home," he says. "It's only two units, each has a pool, and there is a two-car garage. The building is made of limestone, so it feels like it's in the South of France, and it's two streets south of Worth Avenue."

"There has been a shift," notes Whitney McGurk, senior realtor associate at Brown Harris Stevens of Palm Beach. "We will always continue to have

seasonal residents, but now many people live here year-round. Summer was quiet, but we are slowly creeping back, and the season kicked in already, with people coming to town early, so we are starting to see more transactions. The north end of the island used to be more affordable, but that is getting higher and more family friendly. A three-bedroom, ready-to-move-in house just north of town at 209 Bermuda Lane was sold for \$10 million. Historically, Palm Beach has always been a great investment and still is. You can find something for less in SoSo—from the Southern Boulevard Bridge to the Lake Worth spillway—which is becoming what the north end was. It's seeing a spike in value and will continue to rise."

"Prices have continued to rise in Palm Beach, especially for the few waterfront and oceanfront estates that have traded in the past year," says Jessica Shapiro, vice president of broker management at Sotheby's International Realty. "Owners are seeing enormous returns on properties purchased pre-pandemic. Summer is generally a slow time

for sales, and the third quarter of '23 was no exception. However, we are seeing plenty of year-end activity and are optimistic about our luxury market heading into 2024. Even with fewer transactions due to limited inventory, higher average sales prices have made up for it."

"Prices are more realistic now, but the numbers are still incredibly strong," says Liza Pulitzer, senior realtor associate at Brown Harris Stevens. "We are seeing an increase in properties, and price improvement on the island and off. We have a fabulous, historic 1915 home on the island at 245 Dunbar, owned by Peter Brant, that is available for \$28 million. The strong market on the island created a strong market in West Palm, and the neighborhoods of El Cid, College Park, and SoSo have been reimagined. Investors are buying in El Cid, because it is a historic district and not in the flight path, and in SoSo developers are buying bungalows and buildings. We have a great three-bedroom property there at 233 Cortez with a large lot, pool, enormous guest house, and two-

GILES BRADFORD



130 Algoma Road, Corcoran

## “WHEN YOU INHERIT A HOUSE THAT YOUR PARENTS BOUGHT FOR \$500,000, IT MIGHT BE \$22 MILLION NOW.”

—LIZA PULITZER, SENIOR REALTOR ASSOCIATE AT BROWN HARRIS STEVENS



216 Southland Road, Corcoran

car garage that is under \$5 million. In West Palm, the skyline is changing before our eyes, and the new buildings there are offering a lifestyle you can't get at buildings on the island because they were built in the '50s and '60s, so this is bringing people off the island. Also, when you inherit a house that your parents bought for \$500,000, it might be \$22 million now, so the taxes might be too much to carry, which has some people moving off the island."

"We are in a very stable market," Paulette Koch, a broker associate at Corcoran, declares with calm assurance. "There is no longer a frenzy, but there is still tremendous interest. Sellers are inclined to put their properties up at more reasonable prices. Construction is not easy on the island, so having a house ready to go is very appealing. I have two new properties on the market now. One is on the north end of the island, which gives you access to the lake trail and ocean, so you can have a great lifestyle and walk into town. Located at 216 Southland Road, the five-bedroom house has a master suite on the first floor, along with a pool, and it's priced at \$16.995 million. In the estate section is 130 Algoma Road. It's not easy to find a home there. It has five-bedrooms, an elevator

and pool, as well as gated access to the beach, and it's priced at \$23 million. Values always sustain in Palm Beach, but at the end of the day, timing the market is just a fantasy."

"The frantic activity that was brought by Covid has abated and the market has slowed, with a lot of the good move-in condition properties absorbed," reports John O. Pickett III, president of the Palm Beach Board of Realtors and a senior associate broker at Brown Harris Stevens. "We are left with some of the older ones that need a little [more] work than buyers are prepared to do. We don't have that many properties, so sellers have not had real incentive to break price significantly. New stuff is selling like gangbusters and there is significant pent-up demand, but buyers are less apt to buy first and ask later; they are more diligent and pickier. I have a lot more buyers than sellers. Insiders have changed the name of West Palm Beach to Palm Beach West and the price of a property there is what the price of an equivalent home was in Palm Beach in 2018. People still want to be east of I-95, but the market will head west, and that area will expand, especially since Wellington, way west, has polo and horse riders, along with property owners like Bill Gates and

Bruce Springsteen."

"Mr. C is coming to West Palm Beach," announces Susi Diaz, an agent at Cervera Real Estate, referring to the stylish project from the Cipriani family, that will be ready by 2027. "Sales start at the end of the year. We have residences and a hotel and owners will be able to use the hotel facilities, in addition to having a separate pool and gym. There will be a Bellini restaurant and a ballroom for parties. It's part of the brand, but with a younger feeling. A lot of Latin Americans moved to Miami and then decided they wanted something quieter. They were not buying anything further up than Boca, but now they are going to Palm Beach and West Palm, which has become a hot spot. Latin Americans saw Mar-a-Lago on TV, and for good or bad, it gave the area a lot of public relations."

"West Palm Beach is growing before our eyes with office towers, hotels, and branded residences that we have not seen before," says Chris Leavitt, a top agent at Douglas Elliman. "We now have the Ritz-Carlton Residences at 1717 North Flagler, and Mr. C downtown, all starting sales within the next several months. This is a young, emerging city and the market is incredible, but even more growth



South Flagler House, Corcoran



South Flagler House, Corcoran

RELATED COMPANIES

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## “NEW STUFF IS SELLING LIKE GANGBUSTERS AND THERE IS SIGNIFICANT PENT-UP DEMAND, BUT BUYERS ARE LESS APT TO BUY FIRST AND ASK LATER; THEY ARE MORE DILIGENT AND PICKIER.”

—JOHN O. PICKETT III, PRESIDENT OF THE PALM BEACH BOARD OF REALTORS AND SENIOR ASSOCIATE BROKER AT BROWN HARRIS STEVENS

will happen because what's coming will draw people to this area who never thought of living here before. It's turning into a world-class city. Prices are slightly adjusting for existing product, but when the city's growth is fully realized, it will raise the property values. It will also raise values on the island because it is quiet and peaceful there, but just across the water will be this incredible city. The office tower, One Flagler, has a Milos restaurant on the first floor, and will be a game changer. La Clara sold out quickly, and Olara will be a great addition to the luxury marketplace, as will have five-star living, including impressive food and beverage offerings and over-the-top amenities.”

“Palm Beach has consistently ranked among the most coveted places in the world, and really exploded during the pandemic,” says Pam Liebman, President & CEO at Corcoran. “Some have said it was quiet in the past, but it has upped its game with New York restaurants, and created more of a vibe, it has become one of the most bullet-proof areas in the world. Because there is small inventory, we are seeing excitement with new

properties in West Palm. We are launching South Flagler House, a high-end luxury project from Related Companies, and the first high rise designed by Robert A.M. Stern [in Florida]. It will have two 28-story towers with unobstructed views of the Intracoastal and the ocean, and the interiors are being done by Pembroke & Ives. There are 108 homes from two to five bedrooms, priced from \$5.9 million to \$72.5 million. It will sell quickly. Many residences also feature large outdoor spaces, including covered loggias and open terraces. There is no stigma attached to being in West Palm; it's now very acceptable and desirable.”

Jay Phillip Parker, CEO of brokerage for Douglas Elliman's Florida Region and president of Douglas Elliman Development Marketing, Florida, lived in Palm Beach and West Palm Beach when he was a young lawyer and saw the potential even then for a real estate juggernaut.

“There is a unique connectivity between the island and the city, with beautiful bridges that allow for walking and riding,” he says. “You could be in West Palm and have views overlooking the island all the way to the ocean. I thought, ‘One day, this

city will have all the elements Miami does.”

Parker remembers beginning to sell units in the Bristol, the high-end building on Flagler Drive that helped bring the West Palm market to a new level. “It was seven or eight years ago and Jorge Perez, chairman of the Related Group of Florida [not to be confused with Related Companies] said if we met our objective of \$1,000 per square foot, he wanted us to sell his properties, which we are now doing. Our success with that project helped to verify that multi-million dollar properties would be desirable to the type of buyer that historically would not have pursued that location.”

According to Parker, West Palm has all the makings of a luxury area. “It has proximity to areas of interest—dining, culture, hospitality, hospitals, shopping, and an airport—so these fundamentals clearly identified it as an area that was ripe for this kind of development,” he notes. “When tax reform came into play and the incentive for high-net-worth individuals was further stimulated, demand went through the roof. It's remarkable that so much property in the Flagler area was still undeveloped.” ♦