

## **Billionaires' Row or bust: How far can West Palm's condo boom go?**

Construction loans, presales boosted confidence in market, but worries of oversaturation, inflated prices are creeping in

By Kate Hinsche

Gilbert Benhamou and Hong Kong businessman O.D. Kobo teamed up to make the priciest condo buyout offer in West Palm Beach in recent history: a whopping \$430 million, or about \$2.4 million per unit, for two older buildings on the waterfront.

The monster-sized bid came on the heels of two buyouts of nearby buildings by Nadim Ashi's Fort Partners and Steve Ross' Related Ross last. Many of Miami's biggest players, including Fort Partners, Jorge Pérez's Related Group and David Martin's Terra, are betting on West Palm, where a pipeline of more than 2,000 condos is in the works.

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Still, a quiet divide is growing between those who say the pipeline is oversaturated and overpriced and developers who have renewed confidence and a sense of urgency that Flagler Drive is set to become the city's Billionaires' Row.

Markets are often described in terms of waves. In the case of West Palm, market insiders are asking: Are we still in the trough or reaching the crest?

### **Checking the metrics**

After years of slower-than-expected dealmaking, West Palm's bulls are pointing to this season's sales numbers to indicate the strength of the fledgling market.

Two years after Savanna tapped Douglas Elliman to launch sales of its waterfront Olara complex two years ago, presales for the 287-unit condo project were hovering around 50 percent, according to sources. In October, Savanna brought Compass in to juice its marketing efforts. The sales team led by Morgan Ball is now reporting \$175 million in presales in the last 100 days.

Ball, who leads Compass' new development sales in Florida, said the city's rising national profile is helping boost sales.

"Everybody is starting to understand what the future of West Palm Beach looks like, from New York all the way down to Washington and Maryland," Ball said.

Olara wasn't the only project with a changing of the guard this season. Al Adelson brought in Elliman to

replace his in-house sales team at [the Berkeley](#) in November. The planned 25-story, 193-unit tower is approaching 20 percent presold after launching in 2024.

At South Flagler House, Related Ross' premier condo project in the city and the most expensive on the market, the developer's pressure on the sales team is paying off, sources said. The developer is reporting \$700 million in presales at the two-tower, 105-unit project in the last 90 days, a spokesperson for the developer confirmed.

A wave of construction loans shows confidence from financial backers, and indicates strong sales momentum in the pipeline. Lenders typically require about 50 percent presales before committing to a project.

In February, Related Ross secured [a \\$157 million construction loan](#) for Shorecrest, a planned 28-story, 98-unit waterfront tower. The project is "on pace to be sold out this year," according to the Related Ross spokesperson. In March, Related Group and BH Group landed [a \\$200 million construction loan](#) for their planned 27-story, 138-unit Ritz-Carlton Residences, West Palm Beach. BH's Isaac Toledano confirmed the project is 80 percent presold.

Sources said Terra's planned Mr. C Residences West Palm Beach, which will rise 27 stories, with 146 condos and 110 hotel keys, is more than 85 percent presold after securing [a \\$285 million construction loan](#) in August.

Dan Riordan, a senior partner in Perko Development Partners, said this is just the beginning of the West Palm wave — the trough.

"It's got a lot of runway in front of it."

## Next phase

The market's momentum is propelling the next wave of sales launches.

In January, Kolter Group and Perko Development Partners began selling [Maison d'Or](#), a 19-story, 39-unit waterfront condo building set to rise across the waterway from Mar-a-Lago. Prices start at \$5.7 million. Last month, Great Gulf launched sales for its second condo project in the city, the [Mandarin Oriental Residences, West Palm Beach](#), which will span 31 stories and 87 units with prices starting at \$3.5 million.

This month, Related Ross launched sales for [Edgeworth](#), its third condo project in the city, which will include 168 units across two 28-story towers. Prices start at \$2.5 million.

Camilo Miguel's Mast Capital teamed up with Curated JCZM Development to propose a 25-story, 86-unit tower with a private club. That's still in the planning process, and the developers have not yet launched sales.

Earlier this year, BGI Capital, Kenneth Baboun and Robert Barthelmess, paid \$40.9 million for a waterfront site where they plan Alba Reserve, a proposed 31-story, 87-unit tower. Baboun confirmed they are considering a brand for the project.

Branded residences, a wildly popular choice for condo developers in Miami, only made its way to West Palm in 2023. With Ashi's Fort Partners, best known for its Four Season-branded residences, entering West Palm, experts speculate more logos will soon appear on the city's skyline.

## **The “but”**

Still, some industry insiders have started to wave the white flag of oversaturation. In West Palm, thousands of luxury condo units still need to sell. Douglas Elliman agent Jessica Julian, who brokered Fort Partners' recent buyout, said some developers are pulling back.

A growing price disconnect between developers and sellers in bulk condo buyout deals is contributing to that. Redeveloping sites of aging condos is effectively the only way to secure waterfront land on Flagler Drive.

The condos that haven't been bought out yet would require complex and expensive deals.

“Land and prime locations are not easy to find,” said Toledano, who has been looking for additional sites.

Some condo associations “say they won't sell for less than \$300 million,” Julian said, which developers say isn't feasible. High prices could halt condo buyouts for now, but more sales launches are in the pipeline.

“They have a lot of buildings in queue that haven't even been announced yet,” Julian said.