PALMER

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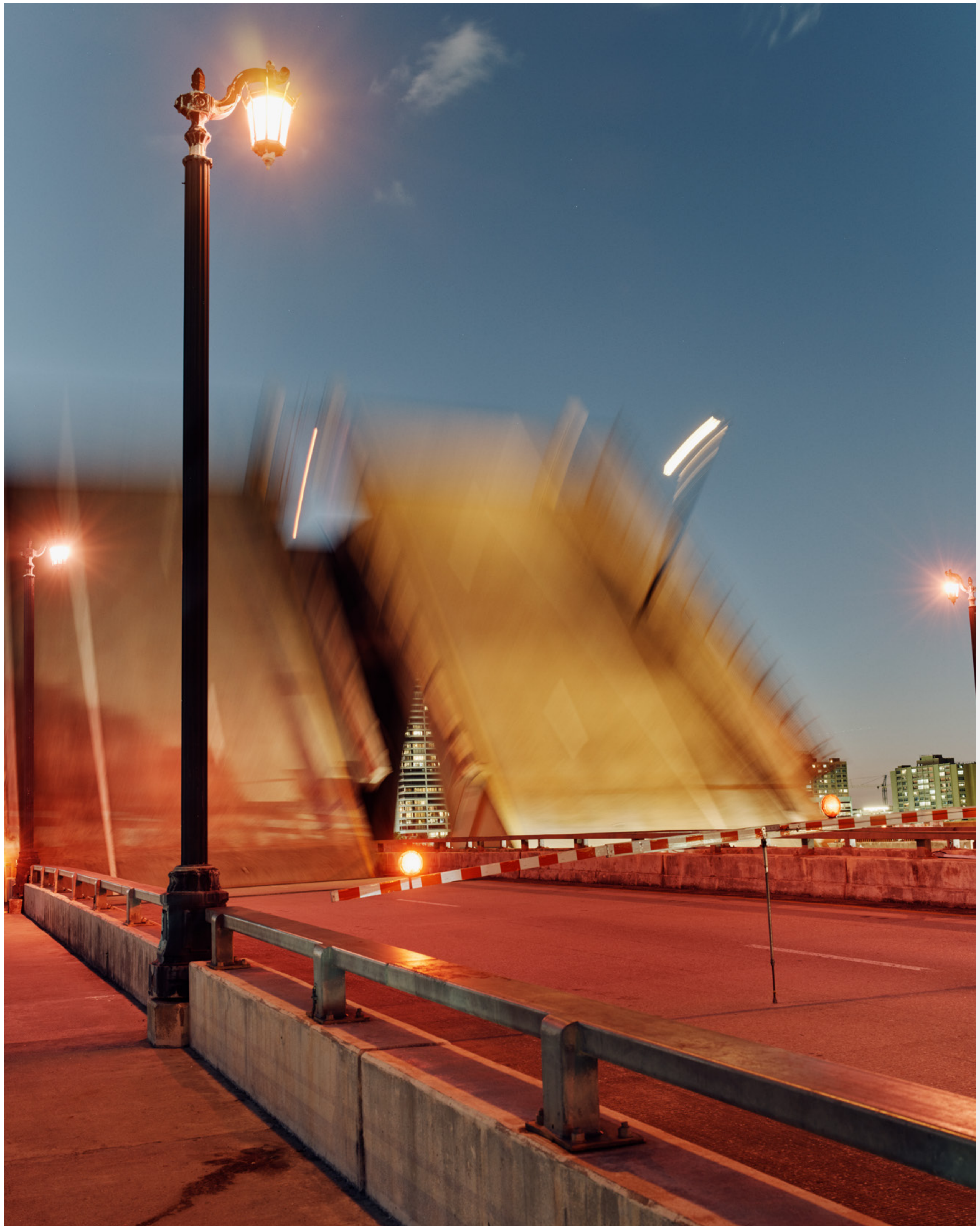
Chapter One

BUILD IT AND THEY WILL COME



THE ROYAL PARK BRIDGE CLOSES AFTER LETTING A BOAT THROUGH AT DUSK.

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PHOTOGRAPHS
BY THOMAS PRIOR

WEST PALM BEACH, ONCE A PASS-THROUGH TO ITS MORE GLAMOROUS NEIGHBOR, IS NOW A HOTBED OF NEW DEVELOPMENT. CAN GENTRIFICATION HAPPEN WITHOUT COMING AT THE EXPENSE OF THE LOCAL RESIDENTS?

For Keith James, the Mayor of West Palm Beach since 2019, the magnitude of how rapidly things in his city are changing hit him the year he took office. That's when the Bristol luxury condominium on South Flagler Drive was finally completed, and buyers started moving in. Even though the building's developers marketed the Bristol as a "Palm Beach" building, it is most definitely not in Palm Beach. It is in West Palm Beach, on a spit of land that juts into the intercoastal waterway, overlooking Palm Beach to the east and the rest of James' booming city to its west. With the opening of the Bristol, "It became okay to move from Palm Beach to West Palm Beach," James tells me. "That was unheard of before."

Exhibit A was Sydell Miller, the co-founder of a beauty products company that Bristol Myers Squibb acquired in 1994. In July 2019, Miller sold La Rêverie, her nearly 85,000-square-foot oceanfront home in Palm Beach's Billionaires Row, for $105 million—then a record for the island—and moved to the Bristol, where she had already secured a full-floor condominium for $42.56 million, then also a record price for a condominium in West Palm Beach. Miller's decision sent tongues wagging across Palm Beach. Was one of the doyennes of Palm Beach really moving to West Palm? The house, designed by Peter Marino, also featured a formidable art and furniture collection, some of which was sold in June, at Christie's, for $17.9 million. "She had a beautiful property in Palm Beach," gushes one seasonal Palm Beach resident. "There were a lot of Magrittes, the most beautiful Pollock I think I've ever seen. But, you know, maybe it was just too big a house for one person to roam around in."

Then came the pandemic, with billionaires flocking to Palm Beach, at least part time, and hundreds of less well-to-do families decamping to West Palm Beach. According to the 2020 census—an imperfect measure of the full extent of the migration—Palm Beach County's population grew 13 percent in a decade, to nearly 1.5 million people. That number has probably grown even more, if the supply and demand for real estate is any indication. Suddenly, Miller looked prescient. The Bristol is sold out, and construction of several surrounding buildings are underway. West Palm Beach neighborhoods, like El Cid and SoSo—South of Southern—are white hot. There are new schools, new parks, and whole neighborhoods being transformed rapidly, for better or for worse. Blade, the regional high-end helicopter and plane transportation company, recently added Westchester, New York to West Palm Beach as a shuttle route, with others to follow. (One way ticket: $3,500.) "West Palm is a glaring opportunity," says one hedge fund manager who has relocated his family to the area. "West Palm Beach will be unrecognizable at the end of the decade."

Carolina Buia Barefoot, a principal with Maribel Alvarez at Altima Palm Beach, a well-respected luxury public relations firm, moved "with a bit of trepidation," she shares, to Palm Beach county nearly a decade ago from New Canaan, Connecticut. "Today, I am seeing a Tri-State diaspora like no other. Homes are being snapped up as if they were selling on HSN. It's like a modern-day gold rush." In her time in the county, she explains, she has seen "the most awesome, rapid change—some of it spurred by the pandemic's big lesson that our hyperconnectivity allows us to work from almost anywhere. This is truly becoming a Palm-lined metropolis of the highest caliber. West Palm Beach may not be an island, but when there is nothing left to sell—you go West, young man!"

Mayor James agrees. He explains that new residents who "otherwise might have gone to Palm Beach" have moved to West Palm, bought up several lots along the intercoastal waterway, and created "beautiful" homes. This is no fluke. And more and more people are getting the message. "West Palm Beach is no longer just the stepsister—the ugly stepsister—to Palm Beach," James continues.

James believes that Palm Beach and West Palm Beach are now "joined at the hip." When he was first elected Mayor, after serving eight years on the City Commission, he extended an "olive branch" to the island. Not only was that smart politics; making peace was also a recognition of how fast things were moving. "They get water from us, and many of their cultural offerings," James continues. Both the Norton Museum of Art and the Kravis Center for Performing Arts are in West Palm Beach. "When they're coming from the airport, they've got to go through West Palm Beach to get over to Palm Beach," James continues, "The stronger that West Palm Beach is, and the more sound, safe, and secure that West Palm Beach is, the more attractive that Palm Beach becomes."

But James knows the city still has plenty of problems to solve. While some neighborhoods are thriving, or at least changing rapidly thanks to an influx of families, others are still struggling economically and are falling further behind. West Palm Beach recorded 22 homicides in 2021, seven more than in 2020. (Palm Beach County had 104 confirmed homicides in 2021; the island of Palm Beach has had no murders this year.) Palm Beach had 9,245 full-time residents, according to the 2020 census, a population that increased to around 25,000 between November and April. (West Palm Beach, meanwhile, had a population of 117,000, according to the 2020 census.) Affordable housing remains a major problem in West Palm Beach—despite some progress—as home prices across the city escalate as more and more neighborhoods gentrify. This may be a once-in-a-generation opportunity to solve the lingering inequities in the county.

James may well be the ideal person to bridge the demands of these two worlds. Raised by a single mother in Wichita, Kansas, James attended Harvard College and Harvard Law School on academic scholarships. He started a law firm for small businesses and entrepreneurs in 2005. He says he has always been focused on community service, even when he was in the private sector. He believes West Palm Beach is on the precipice of becoming quite special. "We have a very vibrant urban core." He cites that as a reason the Brightline High Speed Rail line, for instance, put a station in downtown West Palm Beach. "As you are trying to attract employees and retain employees at your companies, whether it's hedge funds, money managers, investment banks, whatever, you're picking from a younger generation," James continues. "That younger generation has a different demand. They don't want to live in a sleepy kind of town. And that's not meant to be negative...They would rather be where the action is. And also where the kids can go to school, and grow up." He also notes that, according to the latest census, West Palm Beach is now a "majority minority city," where African Americans and Latinos are in the majority. "The area has a certain flavor, if you will," he continues. "And the cultural diversity that West Palm Beach offers just isn't present over on the island."

Not only have major developers, such as Stephen Ross' Related Companies, seen what's been happening in West Palm Beach—and have invested billions of dollars in new high-rise offices, hotels, and condominiums—but corporate America has started to gobble up the new office space to satisfy the demands of a more diverse workforce. Companies such as Goldman Sachs and Elliott Management—the big hedge fund founded by Paul Singer—are either moving operations to West Palm Beach, or are accommodating those employees who would rather work from Florida than anywhere else. Related owns much of the Class A office space in West Palm Beach—including CityPlace Tower, which it developed with Crocker Partners, sold, and then bought back for $175 million; the Phillips Point office complex; and the soon-to-be-completed 360 Rosemary.

The company is betting the wave of migration from North to South that accelerated during the pandemic is both real and sustainable. So far, all signs point to the bet paying off. Both Goldman Sachs and Point72, Steven Cohen's hedge fund, are leasing space in 360 Rosemary. Elliot Management is leasing space at Phillips Point for the time being. For Goldman, the West Palm Beach office, which will likely have around 300 employees focused primarily on wealth management, asset management, and securities initiation, is part of an ongoing Goldman effort to expand its footprints around the world. What's driving Goldman's move into West Palm Beach is the firm's desire to accommodate employees who would prefer to live there with their families.

The arrival of Goldman Sachs to 360 Rosemary was sufficient to lure high-profile restaurants to the development, including Harry's and Adrienne's Pizza Bar, which are both owned by Peter Poulakokos, the son of Harry's founder, Harry Poulakokos. Harry's was a Wall Street mainstay for decades. (Poulalokos declined to comment.) "I always say, 'Forget *follow the money*,'" says the transplanted hedge-fund manager, "it's '*Follow the food*.'" Joe's Stone Crab considered opening a restaurant in West Palm Beach but decided against the idea. It's rumored that Nobu and Estiatorio Milos are coming, and supposedly so are Carbone and Sadelle's, an upscale New York City deli. "The fact that these guys get it tells you a lot about the socioeconomic group that's moving to Palm Beach, and what they want," the hedge-fund manager continues. "Obviously, they're willing to give it to them because they can make a lot of money out of it. The reason it works is because everyone ends up winning."

Greene, a billionaire real estate developer who lives in a large oceanfront home in Palm Beach, is putting the finishing touches on the One West Palm office and condominium tower in West Palm Beach. He became a billionaire shorting the mortgage market before the 2008 financial crisis. Originally from Worcester, Massachusetts, Greene's parents have been coming to Palm Beach since 1969. He worked as a busboy and a waiter at the Breakers. Now, the outspoken Greene is one of the region's biggest developers. "I've built more in Palm Beach than anybody in the last ten years, maybe in history," he tells me. There's the luxury 548-apartment Cameron Estates, and he also bought the Omphoy Ocean Resort in Palm Beach and renamed it Tideline Ocean Resort in 2014. He snapped up a bunch of condominiums during the financial crisis and resurrected them. He just bought a high-end industrial building near the turnpike. He paid $19 million for a Boynton Beach hotel in 2020 and just sold a 30-acre partially completed industrial development, just east of the Florida Turnpike, for $60.6 million. He created The Greene School in West Palm Beach, a private elementary and middle school, to cater to the growing demand for schooling as the community's population explodes. He's expanding into a high school next fall. "It's a fantastic place to live and work," he says of Palm Beach County. Greene envisions an increasingly symbiotic relationship between Palm Beach and West Palm Beach. "Palm Beach and West Palm, they're really like one city with two governments," he says. "Palm Beach is kind of like a little suburb of West Palm Beach in a way, but they're very much tied together, much more so than like in Miami, where they have those giant causeways that are miles long that separate downtown Miami, say, from Miami Beach...Palm Beach is very much part

CONSTRUCTION IN DOWNTOWN WEST PALM BEACH.

of West Palm Beach...That's probably why I went so deep into West Palm Beach as an investor and developer."

His latest project—One West Palm, on North Quadrille—is one of his biggest bets ever. When he moved to Palm Beach full time in 2009, he says he was "struck" by the fact that there was "no single development," like the W or the Ritz-Carlton South Beach, that combined office space with condominiums and hotel rooms. "I thought in West Palm Beach it would be cool to have it," he says. "Palm Beach could never do it because there's just a lack of appetite for development." One West Palm is a 30-story glass tower with more than 200,000 square-feet of office space, 200 hotel rooms, and 326 condominium units. "It's a big building," he says. "It's the biggest project that's ever been built in Palm Beach County. It's over a million square feet."

He stopped the project in the spring of 2020 as the pandemic was unfolding. "I was kind of panicked," he recalls. "I was thinking, 'I'm building a big meeting place-hotel, 200,000 feet of office space, when nobody is going to offices and nobody is having meetings.'" He wanted to switch to building an all-residential tower instead. "People always need a place to live," he thought. He went to Mayor James and the county commissioners to try to make the change. They turned him down. There were some design issues that had to be resolved as well. He decided to shut the project down for seven months, primarily to redesign and then fix the aforementioned problems. He began building again in December 2020. "We saw that people were moving down to this area at record rates," he says. "We just figured out that, with that being the case, we'll take a shot on the office building."

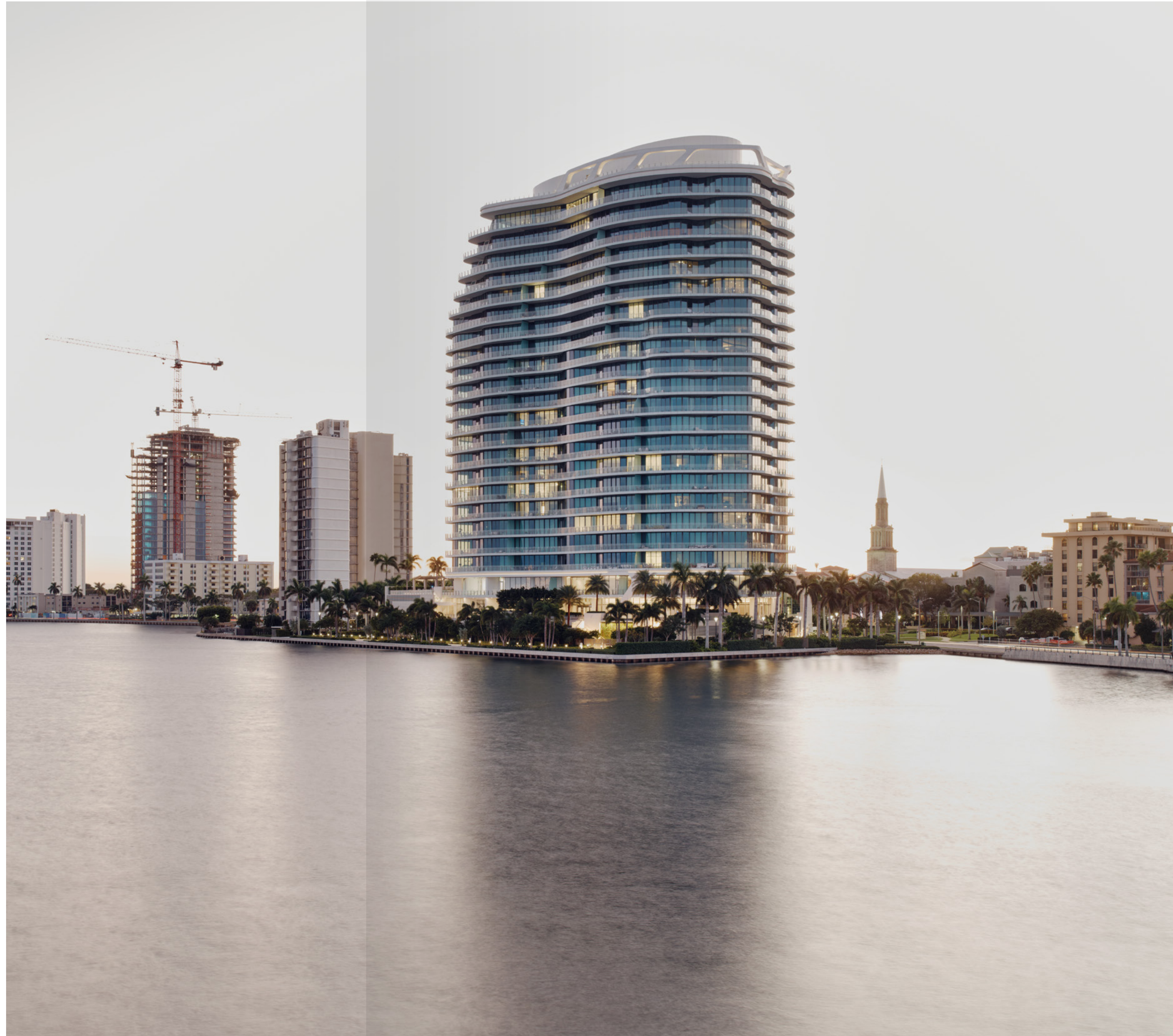
Greene, who ran unsuccessfully for governor of Florida in 2018 (he got 10 percent of the vote in the Democratic primary), says he's put up the entire $250 million cost of the project himself. "Every day there's a million details to worry about," he continues. "This is a very complicated project." He then reels off one reason after another why he's optimistic One West Palm will be a success: The Royal Poinciana Plaza in Palm Beach is buzzing with new designer shops; the building is right across the bridge from what he calls a "new center of Palm Beach;" there are two trains, Brightline and Tri-Rail, that go right by; and there's easy access to the building from places like Jupiter Island, North Palm Beach, and Palm Beach Gardens. Older golf courses are being refurbished and updated. "Almost everything is lined up perfectly for this project now," he says.

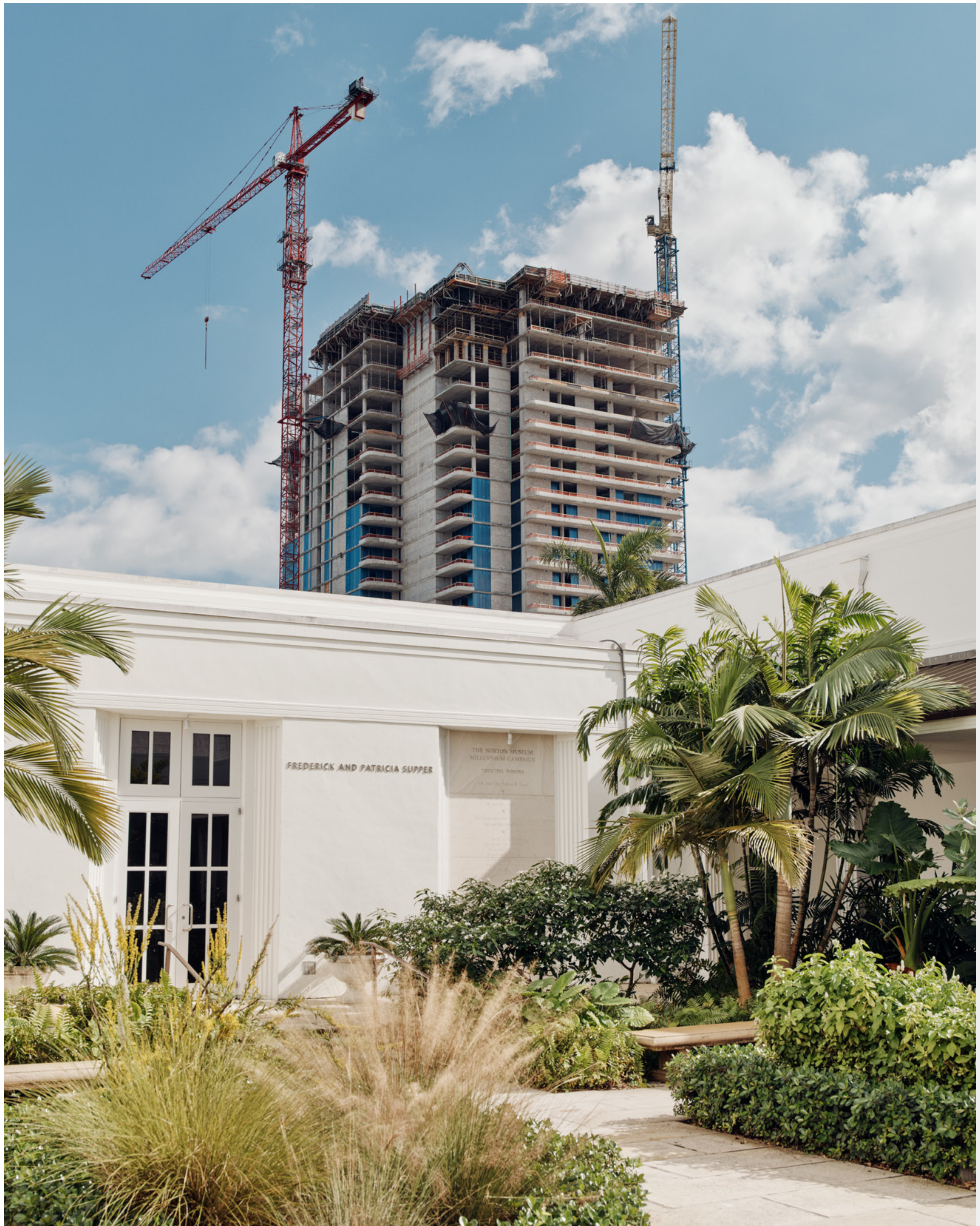
Robert Frisbie, Jr., the third-generation scion of Palm Beach developers, also believes the Palm Beaches are changing for the better. While Palm Beach was once the playground for the rich and famous and West Palm Beach was an afterthought, that's not the case anymore. With art museums, galleries, performing arts centers, and a thriving restaurant and nightlife scene, as James says, West Palm Beach is thriving as never before.

Frisbie says the pandemic has shined a bright light on South Florida. "The old connotation of [Florida] as a place where you go to retire, and people would kind of make fun of you if you were under 55 and saying you were moving down to the Sunshine State, [is over]," Frisbie continues. "Now, people respect it, because you're allowed to work remotely and everyone is more understanding, taking advantage of all these technological advancements that we have. It's become a much easier place to embrace." Frisbee would know. He and his family are one of the few developers to build tastefully and successfully in both Palm Beach and West Palm Beach.

Like Related and Jeff Greene, the Frisbies are betting a small fortune on the West Palm Beach renaissance, specifically on a more than 80-acre chunk of downtown. They have assembled a coalition of West Palm Beach institutions—the Norton Museum of Art, Palm Beach Atlantic University, the Family Church Downtown, the Memorial Presbyterian Church, and the City of West Palm Beach, which controls the

THE BRISTOL IN WEST PALM BEACH. TO THE LEFT, THE LA CLARA PALM BEACH, IN THE PROCESS OF BEING BUILT, IS VISIBLE. TO THE RIGHT, THE FAMILY CHURCH DOWNTOWN.





CONSTRUCTION OF THE LA CLARA PALM BEACH, AS SEEN FROM THE COURTYARD OF THE NORTON MUSEUM OF ART.

17-acre Woodlawn Cemetery—and the starchitect Sir Norman Foster to help design a comprehensive redevelopment plan for the acreage. Foster's idea is to make the project a "cultural quarter" for West Palm Beach, in part by turning asphalt parking lots into a thriving retail and pedestrian mall.

The architects that the new West Palm Beach developments have attracted is like a who's who of modern masters: David Childs, of Skidmore, Owings & Merrill fame and who also designed part of Hudson Yards on Manhattan's West Side, designed the Related Companies' One Flagler. Pelli Clarke & Partners designed West Palm Point. There's also Forté on Flagler, designed by Arquitectonica, and La Clara, which is being designed by the Canadian firm Great Gulf. The Frisbies are working on Flagler Towers with Robert A.M. Stern, who designed 15 Central Park West in Manhattan.

Along with the glitz, local developers seem focused on making sure the project isn't just about giving the super-rich a high-end alternative to the unaffordable housing in Palm Beach. They're expected to generate some tens of millions in annual tax revenue for the city. "We're thinking as broadly as we can, so that we get as much support from other parts of the community as possible," says Frisbee.

Paul Leone, the CEO of The Breakers Palm Beach, agrees that the influx of capital and people to the Palm Beaches presents a unique opportunity to share the wealth, so to speak. He has been at The Breakers for 36 years and says that during his time the company has re-invested around $700 million in the property. He says he's got five years of projects already in his sights, including the refurbishment of a Breakers golf course in West Palm Beach, 11 miles due west of the resort. He sees the quality of life improving for more and more people in the community, especially if the developers work closely with the city governments to make sure that the wealth is shared. "My hope would be that with this increasing tax base, really increasing tax base, and with good people who care more about making a difference, not just making money, and capitalizing on this demand, that it's going to benefit everybody," he says. "And that may sound like pie in the sky, but I know so many of my friends in the community, men and women, great leaders, who want to use this prosperity to improve the parts of the community that have fallen behind." There are examples, of course, where the super-wealthy are working closely with government leaders to make a difference for those less fortunate. For instance, with James' support, a group of well-heeled Wall Street types, led by private-equity mavens Dirk Ziff and Seth Waugh (the onetime CEO of Deutsche Bank in the Americas who is now the head of PGA of America), commandeered a once-legendary golf course in West Palm Beach, renamed it West Palm Golf Park, and raised $45 million to restore the course for public use, with an emphasis on making it affordable for the wider community.

But—no surprise—there is more to be done. Leone is especially concerned—as are many leaders in cities around the country—with the lack of affordable housing for working people. It's an especially acute problem in the Palm Beaches where real-estate prices have risen dramatically. "It's the simple laws of supply and demand," James says. The influx of Goldman Sachs employees to West Palm Beach will be able to find all the housing they need. But that may not be the case for the many others who don't get paid like a Goldman Sachs banker. "We've got some neighborhoods that have fallen way too far behind," Leone says. Mayor James agrees. In his first state of the city address, pre-Covid, he announced his "300 in 3" initiative—three hundred units of affordable housing in three years. "We blew through that in probably the first 18 months," James tells me. "And so, I told my team, 'All right. Let's put more pressure on ourselves. Let's make it 500 in three years.' And now I'm happy to say we've gone through that, and we're 538 at last count of units of workforce housing. It may feel like a small number considering the demand that's out there. But we have to start somewhere. And I'm glad that we started even pre-Covid. And we'll continue to look for ways in which to have a greater supply, a greater inventory, of affordable housing in our city." Some worry, though, that not enough is being done to spread the wealth. One longtime observer of the Palm Beach and West Palm Beach scenes says there's a land grab going on, between the developers in West Palm Beach and the uber-wealthy buying up the primo Palm Beach homes for exorbitant prices. He compares it to *Chinatown*. "If you can't bring the water to the city, bring the city to the water," he begins. "The influx of people, of upper middle-class people, are going to constitute the lion's share of the workforce as primary labor, but then with huge multiplier effects on employees that they're going to require to service them, from nannies and private schools for their darling children, to the restaurants and the clubs. Where are they going to play golf? How is that going to work? How do all these things get rezoned? What gets protected? Areas that you thought were hinterlands are going to be hugely popular and transitional. And other areas are not going to work and people are going to go bust. It's all go."

Why was all this suddenly happening now? "It's sort of like this joke about Brazil," the observer continues. "It's the country of the future and it always will be. For West Palm Beach, for 40 years West Palm Beach has been coming. It's been up and down, and it's been cycles and it's been false starts. But this time it's different. There's critical mass, which the whole point is you can have a level of seniority and impact, which we've now discovered from not having to work with everyone in the same office on 51st and Park—the unbundling of the work concept."

For Mayor James, this is the challenge of a lifetime, and he is eager to take it on. He believes he is perfectly positioned to bring together the city's diverse constituents to make a real difference. He says he can talk the language of Wall Street as well as of the streets. He has already announced his candidacy for re-election, although the vote is still two years away. "I can sit down with Ken Hammel or Stephen Ross, at Related, or Frank Baker, at Siris Capital," James says. "I can talk their language. But I could also go to Pleasant City or Coleman Park—some of our poorer neighborhoods—and speak to the churches there, and understand what their concerns are, and what their needs are. And now, hopefully, have that sensitivity in place as I'm sitting there looking at people who want to move here and communicating that there is a need here for just more than somebody to occupy an office building." He wants companies to move to the city who can help him solve the city's problems, not just hoover up its dollars. "To me, it's all about being very intentional," he continues, "I could just sit back in my easy chair—my Mayor's easy chair, if you will—and just welcome all of this growth, and be happy about it. But to me, I would be an abject failure, as the Mayor, if I was not intentional about making sure that the benefits of that growth – it's wonderful news – that the benefits of that growth would be spread throughout my city. I have to be intentional about that. It's not going to happen automatically."

He recalls what he told people during his first campaign for Mayor, pre-pandemic. "I don't care how many gleaming, tall, shiny office buildings you build in this city," he said back then. "If we do not address some of the ills in some of our poorer neighborhoods, and we've got young black kids killing each other, and the homicide rate is up, and drug sales are going through the roof, et cetera; it's not going to be a healthy community. So those tall office buildings that you're building, as people Google 'West Palm Beach,' and if the headlines are 'Murder Capital of Southeast Florida,' you're not going to get companies, you're not going to get employees to occupy those buildings." His message these days to the Chamber of Commerce is in the same vein: "It's important to you to help me make this city a healthy city," and "As a city, we're only as strong as our weakest neighborhood."