

THE WALL STREET JOURNAL.

You Thought Palm Beach Real Estate Was Hot? West Palm Beach Isn't Too Far Behind.

The South Florida city is shedding its reputation as Palm Beach's little brother, as luxury prices skyrocket and homes trade for much more than they did just a few years ago



Six years ago, Michael and Roberta Joseph spent about \$8.5 million to build a modern house on the water in Palm Beach, Fla. But Mr. Joseph, 62, was intrigued by the homes he saw across the Intracoastal Waterway in West Palm Beach. There, he noticed, older homes sat untouched for decades and coastal lots could be had for a fraction of Palm Beach prices.

“I’d say to my wife, ‘Someday people will wake up and say, ‘Frankly, the view is better from West Palm,’ ” said Mr. Joseph, who is president of the real-estate development company Clover Group. “It’s on the water, and it’s way more convenient.”

Last year, the couple acted on Mr. Joseph’s instincts. They sold their home in [Palm Beach](#) for around \$10.5 million and bought a newly constructed house in West Palm Beach, across the water from Mar-a-Lago. They paid \$15.9 million, far more than the property’s last sale price of \$3 million in 2016. Still, the couple turned down a lucrative offer to flip the contract about a week before they closed. “We wanted the house,” Mr. Joseph said.

Long dismissed as Palm Beach’s less-fashionable neighbor, West Palm Beach is one of many areas of the country to see its luxury market skyrocket with the onset of Covid. An influx of buyers—some out-of-state transplants and others from Palm Beach—are flocking to now-popular West Palm Beach neighborhoods like El Cid, Prospect Park and SoSo, or South of Southern. Over the past year, single-family homes on the water have traded for multiples of their prior sale prices. Buyers are flipping contracts for a profit, investors are moving in and the skyline is dotted with cranes as developers forge ahead with luxury condominiums to meet demand.

Property values east of Dixie Highway, a main thoroughfare with restaurants and shopping, have taken off, real-estate agents and investors say. Direct waterfront lots with docks, which were going for \$1 million to \$2 million a couple of years ago, are now selling for upwards of \$10 million, said Lior Bendat of the development firm Aquantis Group. “At this point, I don’t have any other explanation for it other than everybody is loopy.”

During 2021’s fourth quarter, the average luxury sales price for single-family homes in West Palm Beach jumped about 20% year-over-year, according to data from real estate appraisal firm Miller Samuel. For condos, the median sales price rose nearly 46% during the same time. Miller Samuel CEO Jonathan Miller said the increase is due in part to more new development units entering the market.



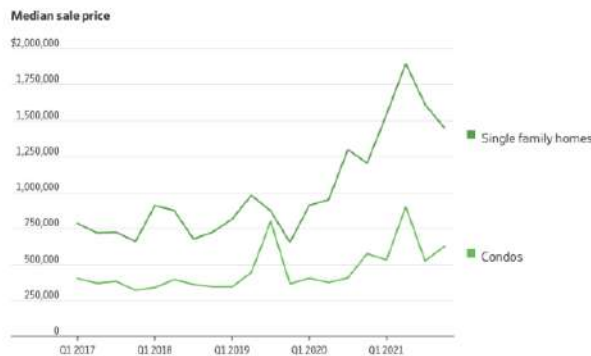
Until recently, living in West Palm was taboo for some wealthy buyers, thanks in part to its origin as a “service town” for the resorts and mansions in Palm Beach, according to the 2003 book “Last Train to Paradise.” Over the years, prices remained far lower in West Palm, which sat on the doorstep of one of the most expensive real-estate markets in the country. “It was the little brother of Palm Beach,” said local developer Todd Michael Glaser. “If you were an attorney for bigwigs in Palm Beach, you lived in West Palm.”

Mr. Glaser said a “generational change” began a few years ago, when West Palm homes on the Intracoastal began turning over for the first time in decades. The market took off in earnest during the pandemic, with massive price growth and low inventory on Palm Beach island creating a ripple effect.

As a wave of buyers drawn by Florida’s favorable tax code intensified demand, buyers priced out of Palm Beach widened their search, scooping up prime waterfront property in West Palm, where “you have \$2 million and \$3 million houses instead of a \$15 million house,” Mr. Glaser said.

The West Palm Beach Bump

The South Florida city’s luxury market experienced a significant uptick during the pandemic.



Source: Miller Samuel/Douglas Elliman

In SoSo on a recent morning, construction crews worked on a dozen new homes on prime lake blocks just west of Flagler Drive, which runs along the Intracoastal. There, new homes are replacing low-slung ranch houses from the 1950s and 1960s, said Blair Brandt, a local developer with several projects in the works. The neighborhood’s proximity to Palm Beach—it takes about 3 minutes to get from the southern end of SoSo to the under-construction Southern Boulevard Bridge—is key, he said. “You cross this bridge and you have to spend \$15 million to get in the door,” he said.

To market observers, a key turning point came with the completion of the Bristol, a luxury West Palm high-rise with ocean views. In 2019, hair-care mogul Sydel Miller sold the oceanfront portion of her Palm Beach estate for \$105 million and purchased a \$42.5 million penthouse at the Bristol. (Last year, Ms. Miller, co-founder of the Matrix line of hair products, sold the remaining portion of the Palm Beach estate for \$42 million. She didn’t respond to a request for comment.)



The former home of hair-care mogul Sydel Miller in Palm Beach, which she sold for \$105 million.

PHOTO: JAMES JACKMAN FOR THE WALL STREET JOURNAL

Other well-known local residents have since cashed out of Palm Beach and purchased property in West Palm, including investor William Toll, who sold a private island off Palm Beach for \$85 million in 2021. In May, Mr. Toll and his wife, Eileen Toll, purchased a contemporary home on South Flagler Drive in West Palm for just over \$8 million, records show. Philanthropist Julie Fisher Cummings and her husband, real-estate developer Peter Cummings, paid around \$12.5 million for a house in West Palm last year, then sold a non-waterfront house on Palm Beach island for \$23.8 million, according to records. Pulmonologist Norman Traverse and his wife, Nassrine Traverse, sold a Palm Beach mansion for just over \$51 million in 2020 and have since bought a condo at the Bristol for \$8.4 million, records show. The Tolls and the Cummingses didn't respond to requests for comment; Mrs. Traverse declined to comment.

"People are looking at West Palm Beach with far less of a raised nose than they would have," said Jay Parker, CEO of [Douglas Elliman](#)'s Florida region. A string of financial firms relocating to the area [has fueled an office boom](#), which in turn has fed the residential market, he said. In March, for example, an entity tied to NewDay USA, a mortgage lender, paid about \$17 million for a boutique condo on South Flagler Drive near its new West Palm headquarters.

Chef Nancy Gansky, 56, and her husband, David Gansky, 55, who has a facilities maintenance business, were among those who revisited their opinion of West Palm when they got serious about buying a place in Florida last year. The couple have a roughly 10-acre property in Pennsylvania and a beach house in New Jersey, and vacationed for years at the Breakers, an iconic Palm Beach hotel. They looked at the Bristol when it first opened, but Mrs. Gansky said she wasn't sure about condo living—and she was set on Palm Beach. "I didn't want to go over the bridge."

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As Palm Beach prices shot up and inventory dwindled, the Ganskys widened their search and visited La Clara, an under-construction condo in West Palm with 83 units starting at \$2 million. In August, the couple signed a contract for \$2.2 million, Mrs. Gansky said. The roughly 1,600-square-foot unit has two bedrooms and a wraparound deck. "It's all about the view" of the city and Intracoastal, Mrs. Gansky said.

La Clara is now sold out. The Ganskys haven't closed yet, but they have already turned down three offers to buy their unit, Mrs. Gansky said.

With demand for luxury on the upswing, West Palm has become fertile ground for investors. Investors paid Alla Kournikova, mother of retired tennis player Anna Kournikova, \$6 million in December for a waterfront property in West Palm that she had bought for \$1.8 million a year earlier; the vacant lot is now on the market for \$9.999 million, according to listing agent Margit Brandt of Compass. Alla Kournikova didn't respond to a request for comment.

Real-estate agent Chris Deitz of Compass said he and several investment partners paid \$4.2 million for a 1960s house on the Intracoastal last year; they tore it down and plan to list the property for \$24 million with approved plans, or finished for \$35 million.



A waterfront lot with approved plans is on the market for \$9.999 million, more than five times its sale price of \$1.8 million in 2020.

PHOTO: JAMES JACKMAN FOR THE WALL STREET JOURNAL

Mr. Glaser, who has been active in Miami and [Palm Beach](#), is also looking at opportunities in West Palm. He said he is currently in contract to buy the penthouse at La Clara for \$18.75 million. He is slated to close in July 2023, when La Clara is scheduled to be completed, and plans to relist it for a “big number,” he said.

Ric Rose, 76, a retired beer wholesaler, and his wife, Sally Rose, 72, are beneficiaries of the market spike. The couple, who own a roughly \$10 million house on the Intracoastal in West Palm, paid \$2.2 million for a fixer-upper down the street in 2019. After spending around \$400,000 to paint the roof, rebuild the pool and remediate termite damage, they sold it for \$4.35 million in April 2021.

Mr. Rose said he turned down a few offers in the mid-\$3 million range before the market picked up in earnest. Then he got three offers, all over \$4 million, within a day. “I thought I did well,” he said. But a few weeks ago the buyer, who made a few more upgrades, flipped the house again for \$8.3 million, records show.



A rendering of South Flagler House, designed by Robert A.M. Stern Architects.
PHOTO: THE BOUNDARY WITH NOE & ASSOCIATES (RENDERING)

“The pricing coming in now, it’s crazy because it’s almost tripled,” said Mr. Deitz.

Developers seeking to emulate the Bristol’s success are planning a slew of luxury condos.

Just over a month ago, developers quietly launched sales at South Flagler House, which will have two 27-story towers on the water. Designed by Robert A.M. Stern Architects, the building will have 89 residences with prices starting at \$10 million, said Rob Frisbie Jr. of Frisbie Group, which is developing the condo with Hines. He said the building is about 33% sold, and demand for the units, which average 5,000 square feet each, has been “staggering.”



A rendering of Forté on Flagler.

PHOTO: TWO ROADS DEVELOPMENT (RENDERING)

Related Group has multiple West Palm projects in the works, including a condo on North Flagler with about 100 luxury units. And developers recently broke ground on another project, Forté on Flagler, which will have 41 units, including a \$43 million penthouse spanning roughly 8,900 square feet with a rooftop pool and kitchen.

[Covid](#) increased demand in West Palm Beach, according to Reid Boren, managing partner of Two Roads Development, which is developing Forté with Alpha Blue Ventures. Mr. Boren said Forté sales launched in late February 2020, but essentially shut down when Covid hit. "I remember being super nervous for the first three months of quarantine, not knowing if we were really right or really wrong," he said. Sales relaunched in the fall of 2021 and coincided with a wave of buyers. "Almost immediately, there was a land grab," he said. The project is now over 80% sold, he said.

Several properties currently for sale in West Palm Beach are poised to set price records for single-family homes. The Josephs bought their home from Hilary Musser, an interior designer and developer. Ms. Musser also owns the property next door, where she built a roughly 9,000-square-foot house with cast stone columns and separate guest quarters. [She is currently shopping it for \\$40 million.](#)

People had their doubts when she bought the property, Ms. Musser said, "but I didn't. I knew waterfront was scarce and it would become more untouchable."

Aquantis Group is currently building a roughly 10,000-square-foot house in West Palm that will have a dock, a 65-foot-long pool, a guesthouse, and a rooftop lounge and spa, Mr. Bendat said. It will be priced around \$30 million to \$35 million, a new price point for West Palm, he said, but noted that a vacant lot down the road is listed for \$35 million.

Mrs. Gansky said she and her husband don't expect to close on their condo at La Clara until 2023, but that hasn't dissuaded would-be buyers from trying to swoop in on their unit. Their real-estate agent, Erin Sykes of Nest Seekers International, brought them an offer from someone willing to pay \$3.8 million, Mrs. Gansky said. And Mrs. Gansky was out to dinner in Palm Beach with some girlfriends not long ago when one of the women offered to buy the unit. "She was serious," Mrs. Gansky said. "She was like, 'I need to buy tomorrow.'"

So far, the couple has rejected all overtures, and Mrs. Gansky said they have only one regret: "We should have bought another one."

<https://www.wsj.com/articles/west-palm-beach-real-estate-market-11649345454>