



SWOT ANALYSIS

GENERATED ON 12/2/24

BASED ON DATA COLLECTED FROM 12/2/23 TO 12/2/24

TOTAL ANALYZED ARTICLES 7463

West Palm Beach Development

Multifamily

2945 S Military Trl, West Palm Beach, FL 33415, USA

STRENGTHS 80

OPPORTUNITIES 94.3

WEAKNESSES 14.3

THREATS 60

FOR THE **Development** SCENARIO:

COMPOSITE SCORE: 88.6 **Favorable Condition**

Strongly favorable and comfortably above the average. While some minor challenges may exist, this site aligns well with the prevailing positive trends and site conditions.

STRENGTHS 80

1. Economic Development

West Palm Beach's economic growth, with 5,900 new private sector jobs in November 2023 and a 2.6% labor force increase, signals rising multifamily housing demand. Florida's 2.9% job growth rate and top Talent Attraction Scorecard ranking further bolster real estate investment prospects.

West Palm Beach's 2.3% unemployment rate, below Florida's average, and a 350,000 increase in the state's labor force from November 2022 to November 2023, bolster multifamily investments, driven by growth in education, health services, and construction sectors.

2. Real Estate Markets

West Palm Beach's real estate market features high property values, with 53.4% of transactions being all-cash, a median 20% down payment, and significant property appreciation, exemplified by Rudy Giuliani's \$4.8 million condo, amid elevated mortgage rates.

3. Economic Trends

West Palm Beach's 3.6% rent decline, amidst high interest rates and new unit influxes, signals a robust multifamily investment opportunity. Strong rental demand persists despite nationwide rent drops, contrasting with rising Midwest unemployment, highlighting strategic development potential in the South.

4. Mixed-Use Development

Tuttle Royale in Royal Palm Beach, a 200-acre mixed-use development, features national dining and retail brands like Benihana and Lululemon, a preschool, and amenities such as a fitness center and movie theater, enhancing its "live-work-play" appeal for multifamily investments.

5. Network Expansion

Verizon's network expansion in Palm Beach County enhances 4G and 5G services, supporting smart traffic initiatives that reduce congestion and emissions, improve accessibility, and potentially increase property values, benefiting multifamily developments and attracting investments.

6. Multifamily Market

West Palm Beach's multifamily market thrives with Savanna's Olara offering 275 condos and 170 rentals starting at \$2 million, Lotis Group's Wellington shifting to 173 market-rate apartments, and Ellie at Logan Ranch providing 314 units, including 79 workforce housing apartments, driven by corporate relocations and community enhancements.

7. Affordability Challenges

Palm Beach County faces affordability challenges as rental prices consume 70% of wages. Initiatives like the Live Local Act and projects such as Island Cove and Logan Ranch provide affordable units, with Island Cove offering 60 units starting at \$1,449 and Logan Ranch planning 314 residences, including 79 workforce housing units.

8. Real Estate Markets

West Palm Beach's real estate market sees a 15.2% rise in median sales prices, driven by limited inventory and 1.6% population growth. RezFund aids affordability with \$8,000 assistance, despite \$6,000 insurance costs. NORA's \$1 billion development boosts appeal, while high mortgage rates and a 70% risk of price declines challenge affordability.

9. Economic Growth

West Palm Beach's economic growth, driven by a 90% rise in high-net-worth individuals and a \$7 billion income gain, attracts financial firms and affluent migrants, boosting luxury real estate, tourism, and high-end developments like The Bristol condo tower.

10. Housing Market

Gen Z's preference for renting in West Palm Beach is driven by 7.4% mortgage rates and lifestyle choices, despite rising rents. Only 27.8% of Gen Z and millennials own homes here, compared to 40% nationally, with strong investor activity mirroring Las Vegas trends.

11. Economic Development

South Florida, including West Palm Beach, sees robust population growth and economic optimism, with Port St. Lucie and Palm Bay increasing by 5.7% and 4.9%. Businesses plan workforce investments despite rising living costs and housing challenges.

12. Multifamily Development

West Palm Beach's perfect Municipal Equality Index score and vibrant LGBTQ+ community, comprising 7.1% of U.S. adults, enhance its appeal for multifamily developments, fostering inclusivity and attracting diverse tenants with strategic marketing opportunities. Community safety initiatives in West Palm Beach, including advanced trauma care like prehospital blood transfusions and collaboration with local EMS, enhance property values and attract residents, benefiting multifamily developments by positioning them as safer, more desirable investments.

13. Real Estate Market

Elliott Investment Management's \$443 million acquisition of 701 Brickell, at \$644 per square foot, highlights South Florida's thriving office market. West Palm Beach's business appeal grows with robust financing, 90% occupancy rates, and significant renovations.

14. Port Development

The Port of Palm Beach drives local economic growth with \$260 million in business revenue and over \$14 billion in commodities. Employing over 3,500 workers, it impacts real estate values and lending in West Palm Beach and Riviera Beach.

15. Employment Trends

Florida's stable 3.3% unemployment rate, with West Palm Beach at 2.9%, supports multifamily growth despite hurricane risks. Construction added 3,600 jobs, education and health services 5,100, while manufacturing lost 400, highlighting sectoral shifts.

16. Mixed-Use Development

West Palm Beach's real estate market is thriving, with Wheelock Street Capital selling The Ben West Palm Beach hotel for \$208 million, Larry Ellison acquiring Eau Palm Beach Resort & Spa for \$277.3 million, and Henderson Park purchasing PGA National Resort for \$425 million, reflecting robust investor interest and growth potential in mixed-use developments.

17. Housing and Real Estate Markets

West Palm Beach's real estate market thrives with a 24% rise in median home prices, 40% all-cash transactions, and a 2.2-month inventory supply. High mortgage rates at 6.92% challenge affordability, while demand for energy-efficient homes grows.

18. Construction Technology

RENCO's recycled material blocks, 75% lighter than concrete, cut costs to \$30/sq ft and withstand Category 5 winds, enabling 96-unit builds in eight weeks. This eco-friendly method meets international safety standards, eliminating termite issues and reducing environmental impact.

OPPORTUNITIES 94.3

1. Economic Development

The expansion of gambling in West Palm Beach, Florida, driven by the Seminole Tribe's investments, is set to boost local economic activity, tourism, and multifamily housing demand, enhancing property values, occupancy rates, and creating job opportunities in the area.

West Palm Beach's real estate market thrives with luxury homes reaching \$40 million, driven by financial institutions relocating. The area sees increased demand for Class A office space, \$7 billion in income gains, and transformative developments by Related Cos.

2. Environmental Sustainability

West Palm Beach advances environmental sustainability with \$1.5 billion state funding for Everglades restoration, innovative water management, and sustainable venue certifications, enhancing water quality, reducing erosion, and promoting ecological balance, benefiting multifamily developments and the community.

3. Community Development

West Palm Beach and surrounding areas are witnessing over \$1 billion in investments across cultural, recreational, and hospitality sectors, including a \$16 million Sunset Lounge revitalization and \$100 million in Historic Northwest improvements, boosting multifamily development potential and community engagement.

4. Property Protection

Florida's House Bill 621, supported by Florida Realtors, eliminates squatters' rights, enabling immediate law enforcement removal and imposing severe penalties, including felonies for damages over \$1,000, to deter squatting-related crimes and enhance property protection.

5. Public Safety

West Palm Beach enhances safety with ShotSpotter technology, reducing gunfire incidents from 45 to 40 and rounds fired from 400 to 300. Palm Beach invests \$3 million in a Motorola radio system, replacing OpenSky, to improve police and fire communications.

6. Cultural Revitalization

West Palm Beach's Historic Northwest, rich in cultural history, faces revitalization challenges. Key efforts include a \$16 million restoration of the 1920s Sunset Lounge, \$100 million in community investments by Mayor Keith James, and cultural campaigns like "The Palm Beaches Collection."

7. Urban Development

Palm Beach County addresses housing affordability with zoning changes and a \$200 million bond, converting commercial spaces to multifamily units. Workforce housing programs enforce rent caps, tackling rising demand and limited supply, with average rents at \$2,250 and home prices over \$400,000.

In 2024, mortgage rates may dip below 7%, boosting purchasing power, while stable home prices reflect balanced supply-demand. October 2023 saw 968,000 single-family permits and 980,000 multifamily units under construction, enhancing affordability.

The Brightline station in Boca Raton catalyzes transit-oriented development with Mill Creek Residential's 13-story, 358-unit apartment project, enhancing mixed-use growth. Boca Raton's strategic plan emphasizes walkability, mirroring Fort Lauderdale's success with 10,000 new residents and 5,000 rental units.

Avenir's development in Palm Beach Gardens features 3,900 homes, a 13-acre health park, and diverse amenities, including a town center and golf course, supporting economic growth and attracting 10,000 residents with improved infrastructure and investment opportunities.

The Clear Lake area in West Palm Beach is set for transformation with a 580,000-square-foot, 25-story luxury residential tower. Priced at \$1-2 million, it targets affluent families, leveraging strategic land acquisitions and upscale amenities to capitalize on the area's growth potential.

The eight-story development at 8111 S. Dixie Highway, West Palm Beach, features 358 units, including 90 for workforce housing, 17,000 square feet of retail, and public amenities. Despite local opposition, it aims to boost property values and city tax base, with city land sold for \$10.5 million post-completion.

Legislative changes in Florida, including the Live Local Act, override local zoning laws, affecting multifamily development in West Palm Beach. Rising costs and interest rates challenge projects, while high-profile residents and political dynamics influence real estate demand and policies.

8. Crime Prevention

Delray Beach secures \$963,000 in federal funding for crime prevention technology, enhancing property values and investment appeal. Regional initiatives, including West Palm Beach's public safety funding, focus on crime reduction, boosting multifamily property investments and economic growth.

9. Real Estate Investment

The Breakers' \$12 million investment in Royal Poinciana Way and PulteGroup's \$22 million acquisition for 108 homes near Wellington highlight Palm Beach County's real estate growth. Onx's hurricane-resistant components factory in Pompano Beach promises rapid housing market transformation.

10. Infrastructure Projects

Palm Beach County's infrastructure projects, including the \$148M I-95 Express Lanes, \$97M Southern Boulevard Bridges, and \$122M US 1 Bridge, enhance connectivity, attracting multifamily development and corporate headquarters, with completion dates spanning 2024-2026.

11. Real Estate Development

Smith & Henzy Affordable Group acquired and is renovating Boynton Bay Preservation, a 240-unit senior complex in Boynton Beach, for \$53 million, supported by \$58.1 million in loans. Vista Residential Partners' Gardens Vista Apartments in Palm Beach Gardens will offer 221 luxury units, with 10% for workforce housing, amid West Palm Beach's 5,841-unit multifamily pipeline.

12. Traffic Congestion

West Palm Beach addresses traffic congestion with Coast Guard-approved schedule changes for Flagler Memorial, Royal Park, and Southern Boulevard Bridges, reducing peak-hour openings. A \$2.3 million Royal Park Bridge painting project and Southern Boulevard Bridge replacement impact traffic patterns.

13. Luxury Residential Surge

West Palm Beach's North Flagler area sees a luxury residential surge with Alba Palm Beach's 45% presales, units priced \$2.5-\$10 million, and a \$95 million loan. Apogee's 25-story proposal and \$7 billion income influx boost demand.

14. Job Hub Development

Port St. Lucie's Southern Grove evolves into a job hub with Amazon, FedEx, and Cheney Brothers creating 700-800 jobs, reducing commutes. Palm Beach County gains \$7 billion in income from wealth migration, while high demand drives real estate shifts.

15. District Transformation

West Palm Beach's \$1 billion Nora district transformation attracts New York businesses, including Juliana's Pizza, with 154,000 square feet of amenities. Investments like the \$3.6 million Eva W. Mack Hub and \$35 million YMCA enhance infrastructure, fostering multifamily property opportunities.

16. Corporate Relocation

Ken Griffin's Citadel relocation to southern Florida in 2022, driven by Chicago's crime concerns, boosts West Palm Beach's multifamily housing demand, luxury real estate development, and financial services infrastructure, while enhancing community engagement through significant philanthropic contributions.

17. Retail Development

Publix's \$67 million investment in two West Palm Beach shopping plazas and modernized stores in Palm Beach County, alongside Avenir Town Center's development, underscores a burgeoning retail and residential market, boosting multifamily property investment opportunities in Palm Beach Gardens.

18. Urban Development

Vanderbilt University's \$520 million, 300,000-square-foot graduate campus in downtown West Palm Beach will enroll 1,000 students, employ 100-150 faculty, and generate \$7.1 billion in economic activity over 25 years, enhancing local real estate and workforce development.

19. Testing

Affiliated Development's \$50 million financing for The Spruce in West Palm Beach includes a first mortgage and \$8.3 million in local incentives, creating 270 units with luxury amenities and 117 affordable units for city employees, completing in early 2026.

WEAKNESSES 14.3

1. Political and Economic Challenges

West Palm Beach's real estate investment faces hurdles from rising housing costs, insurance rates, and political shifts. Florida's hurricane vulnerability, with \$47 billion damages from Hurricane Ian, and leadership changes like State Sen. Bobby Powell's resignation, further complicate stability.

2. Crime and Safety

West Palm Beach, identified as one of Florida's most dangerous cities, faces severe crime issues, including gang-related homicides, human trafficking, and increased violent crimes against postal workers, impacting multifamily development perceptions and regional safety.

3. Urban Development

Zoning changes in the Agricultural Reserve challenge multifamily development due to density restrictions and infrastructure concerns. The Managed Growth Tier System limits residential density to one unit per 5 acres, facing community opposition from groups like COBWRA, complicating approvals.

4. Institutional Trust

West Palm Beach faces institutional trust issues due to legal challenges and administrative failures in local schools, impacting investor confidence and posing risks for lenders in multifamily developments, reflecting broader systemic governance and oversight concerns.

5. Human Trafficking

West Palm Beach, ranking third in Florida for sex trafficking reports, faces severe human trafficking issues. Arrests, like Carl Paul's, underscore exploitation risks. Organizations such as Place of Hope and Crime Stoppers collaborate to combat these challenges, offering rewards for tips.

6. Crime and Safety

The Broadmoor Gang's decade-long criminal activities, including homicides, drug trafficking, and racketeering in West Palm Beach and Riviera Beach, elevate risk factors for multifamily developments, impacting lending and investment strategies due to associations with national prison gangs like Zoe Mafia Family.

7. Urban Development

South Florida's suburban office buildings, especially older ones, face financial strain from vacancies, high interest rates, and \$130 million in maturing commercial mortgage-backed securities. Increased debt yield requirements and high insurance premiums complicate refinancing, yet offer investment opportunities in distressed assets.

Boca Raton's recertification program, initiated after the Surfside collapse, mandates inspections for buildings over 30 years old, ensuring structural safety. Florida requires statewide recertification every 10 years for condos over three stories, addressing environmental risks.

8. Legal Hurdles

West Palm Beach's multifamily development faces significant hurdles due to stringent zoning regulations, infrastructure limitations, and community opposition, impacting project timelines and costs. The Ag Reserve zoning code requires amendments for large projects, exacerbating the housing affordability crisis.

9. Housing Affordability Crisis

South Florida faces a housing affordability crisis due to high costs, stagnant incomes, and population growth. Port St. Lucie's 13.1% population increase and median salary of \$41,497 challenge independent living, with many young adults rent-burdened despite having roommates.

10. Property Value Declines

West Palm Beach's multifamily market faces up to 40.6% property value declines due to escalating insurance costs, climate risks, and Citizens Property Insurance Corporation's rate hikes, threatening economic stability amid federal relief delays and insurer insolvency concerns.

11. Housing Market

West Palm Beach's multifamily market grapples with a 13.4% price surge and steady mortgage rates, affecting affordability. Despite a 2% decline in mortgage applications, Redfin's Demand Index rose 3%, highlighting persistent buyer interest amid low inventory. Nationwide, median home-sale prices increased by 4.8% to \$383,188, further challenging affordability.

12. Multifamily Development

Environmental hazards in West Palm Beach, including red tide, blue-green algae, and sargassum, pose health risks like respiratory irritation and skin rashes, potentially reducing multifamily property values and tenant interest due to hydrogen sulfide emissions and fecal pollution.

West Palm Beach faces significant crime challenges, including organized theft schemes involving UPS employees and local businesses, thefts totaling \$15,000-\$20,000 across four counties, and fentanyl distribution causing multiple overdose deaths, impacting community safety and multifamily property investment.

13. Economic Challenges

West Palm Beach faces economic challenges with reduced teacher salary increases, as Palm Beach County teachers received a 4% raise in 2024, down from 7% in 2023. Starting pay is \$53,000, with an average of \$60,400, higher than Florida's \$53,098 average. Florida ranks 50th in U.S. teacher pay, affecting educator attraction. Governor DeSantis opposes Amendment Three, citing potential economic and public safety risks from marijuana legalization, which could impact tourism revenue and increase substance abuse costs.

14. Housing Affordability

West Palm Beach faces severe housing affordability issues, with median home prices at \$990,000 and rents rising 46.9% since 2020. High insurance costs and extreme weather drive an exodus, reflecting national concerns as 69% of Americans worry about housing costs.

THREATS 60

1. Community Trust and Safety

South Florida's new 25-foot harassment-free zone around first responders, coupled with a West Palm Beach officer's arrest for excessive force, underscores challenges in community trust and safety perceptions, impacting multifamily property investments and highlighting political divisions.

2. School Safety

Palm Beach County faces significant school safety concerns due to recent arrests of school employees for inappropriate conduct with students, including Corey Pierce and Jordan Augustine, impacting community perceptions and multifamily development considerations, with social media interactions posing additional risks.

3. Urban Development

The retirement of John "Skip" Randolph and appointment of Joanne O'Connor as town attorney in West Palm Beach may introduce legal uncertainties, affecting multifamily development timelines, zoning policies, and lending risk assessments.

4. Crime and Safety

Postal workers in Palm Beach County and nationwide face rising violence, with 12 gunpoint robberies locally and over 2,000 attacks nationally since 2020. Only 15% of cases lead to arrests, prompting legal reforms and community vigilance initiatives.

5. Urban Development

Florida's Live Local Act is transforming zoning in Boca Raton and Delray Beach by allowing projects with 10-40% affordable units to bypass traditional approvals, prompting ordinance adaptations and raising public and developer concerns over potential lawsuits and density impacts.

6. Social Issues

West Palm Beach's proposed high-rise on Lake Worth Lagoon faces strong community opposition and environmental concerns, threatening the drinking water supply for over 120,000 residents. A staff report advises against it, with a decisive planning board meeting on December 19.

Palm Beach County's homelessness crisis affects over 2,100 individuals, including a doubling of homeless minors. A new law banning public sleeping prompts local leaders to create temporary encampments and collaborate with mental health advocates for solutions.

7. Urban Development

Easing development restrictions in the Florida Keys could introduce 8,000 new homes and businesses, intensifying hurricane evacuation times from 24 to 31 hours, straining infrastructure, and risking environmental damage to coral reefs and sea grass beds.

Palm Beach County faces a \$732 million budget shortfall in capital projects due to inflation, supply-chain issues, and reduced impact fees, with costs exceeding budgets by up to three times. Solutions include tax revenue adjustments and bond issuance.

8. Community Safety

West Palm Beach's community crime awareness is exemplified by a vigil for violent crime victims, highlighting the emotional toll and support from the 520-member Mothers Against Murderers Association, emphasizing the critical role of community networks in healing and support.

9. Urban Development

Wellington's proposed annexation of 257 acres for commercial and residential development faces opposition from Palm Beach County and Loxahatchee Groves, risking legal challenges. The plan includes 123 acres for commercial use, 125 for medium-density housing, and could generate \$224,999 in ad valorem taxes, despite a short-term fiscal deficit.

10. Infrastructure Development

Lake Worth Beach's infrastructure projects, including \$18 million on Sixth Avenue South and \$14 million on Lake Worth Road, face traffic congestion, flooding, and communication issues. FDOT's meetings aim to improve public communication, while resident feedback influences design changes. Completion of the \$2.3 million North Federal Highway project is expected by spring 2025.

11. Historic Preservation

The Harriet Himmel Theater in West Palm Beach faces potential historic designation, complicating Related Companies' \$20 million renovation plans with increased costs and delays. Preservation requirements may impact design flexibility, while legislative changes could further affect redevelopment strategies.

12. Infrastructure Challenges

South Florida's infrastructure challenges, including Brightline trains' high fatality rate and A1A's cyclist dangers, demand urgent safety upgrades. Federal warnings and rejected safety measures highlight risks, necessitating public safety campaigns and infrastructure improvements in West Palm Beach and Melbourne.

13. Student Safety

The intersection at Lyons Road and Boynton Beach Boulevard endangers Somerset Academy students with 11,400 vehicles daily and no crossing guards. Charter schools struggle for crossing guards due to differing schedules, unlike traditional schools with an \$8 million budget.

14. Home Price Decline Risks

West Palm Beach-Boca Raton-Delray Beach, FL, faces high home price decline risks, impacting multifamily lending strategies. Despite a forecasted 2.5% national price increase by November 2024, local volatility necessitates cautious investment planning amid high mortgage rates and inventory shortages.

15. Health and Sanitation

West Palm Beach and surrounding areas face severe health and sanitation issues, with multiple restaurant closures due to roach infestations and violations, potentially affecting property values and deterring multifamily residents. Notable cases include The Breakfast Shack, Duffy's Sports Bar, and Mr. and Mrs. Bun.

16. Drug Trafficking

West Palm Beach faces severe drug trafficking challenges, with law enforcement uncovering 3,000 grams of drugs, including fentanyl, cocaine, and heroin, on North Haverhill Road. This necessitates enhanced security and community engagement for multifamily development investments.

17. Safety Concerns

West Palm Beach faces significant safety concerns due to violent crimes, including the murders of Jorge Menendez and Tommie Anderson, and multiple armed robberies, potentially affecting multifamily development lending decisions and heightening crime risk perception.

18. Natural Disasters

Hurricane Milton, a Category 5 storm, threatens West Palm Beach's multifamily property development with 15-foot storm surges, power outages, and flooding, escalating insurance costs, delaying construction, and necessitating revised risk assessments due to climate change.

West Palm Beach grapples with 9% inflation, Florida's highest, amid Hurricane Helene's threat of storm surges and power outages. Mandatory evacuations and school closures underscore vulnerability, while \$31.8 million raised bolsters community resilience.

FEMA's updated flood maps reclassify 5,000 properties in Palm Beach County as high-risk, impacting insurance and compliance costs. A 10-year coastal study informs these changes, affecting lending decisions and requiring elevation certificates for compliance.