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Related Cos. and billionaire Ross propose new buildings at CityPlace West Palm Beach

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The Related Cos., the New York development company owned by billionaire Stephen M. Ross, has proposed major changes to CityPlace West Palm Beach with plans for new apartment and office buildings.

When it opened in 2000, the mixed-use project at 700 S. Rosemary Ave. paved the way for a new type of development in South Florida that combined retail with residential towers, a movie theater, an office building, and more recently a hotel. Planners in many other urban areas of the region have sought such mixed-use projects, often crediting CityPlace as an example.

However, the struggling retail landscape has made things more difficult for the property. The 110,000-square-foot Macy's store there closed earlier this year.

Meanwhile, the scene in downtown West Palm Beach is changing. There's been an influx of residential development in downtown West Palm Beach. The new Brightline passenger rail station there will transport riders to Fort Lauderdale and Miami starting next year, and to Orlando in future years.

On Tuesday, Related Urban President and CEO Kenneth A. Himmel announced redevelopment plans for CityPlace West Palm Beach. While the former Macy's building is currently being used for an arts experience called the Culture Lab, the developer plans to knock that building down and build 350 luxury apartments with retail and restaurants on the first two floors.

In addition, the Related Cos. wants to build a 255,000-square-foot office building on the parking lot on Rosemary Avenue between Publix and the Brightline station. This would allow for a larger Publix grocery store as well.

The Related Cos. recently failed to win approval to build a 25-story office building along the waterfront in West Palm Beach. The Business Development Board of Palm Beach County has often stressed that the city needs more "Class A" office space because the current buildings are nearly full. The CityPlace Tower office building has some of the highest rental rates in Palm Beach County.

Access to public transit has been a major selling point for many offices near Brightline stations. Tenants in CityPlace could take the Brightline to Miami in about an hour – considerably faster than driving in rush hour traffic.



Changes to Rosemary Avenue are among Related Cos.' plans for CityPlace West Palm Beach.

Gopal Rajegowda, senior VP at Related Cos., said the reception from potential office tenants has been very positive, especially regarding the convenience of the Brightline and the nearby restaurants. Many companies prefer urban environments that make transportation easier, he said.

The office building would be 15 to 18 stories.

"We are constantly looking at every aspect of CityPlace and asking how we can make it better for locals and visitors alike," Himmel said in a statement. "As more residential and workplace options become available within the downtown district, we are responding to the kind of density and live-work-play opportunities that so many people are seeking."

Related Cos. also plans to redevelop the AMC CityPlace 20 into an upscale theater with fewer screens and more luxury amenities, plus redesign the architecture throughout CityPlace.

The retail and restaurant space at CityPlace is about 85 percent occupied, and the Related Cos. wants to better position the building for new tenants, especially in food and beverage, Rajegowada said. Related Cos. recently completed a RH gallery furniture store with a rooftop restaurant at CityPlace.

"We see this as an opportunity to pivot from a lifestyle center to an exciting urban district," Rajegowda said. "We want to capitalize on all the momentum that's happening in West Palm, including in arts and culture."

Related Cos. is working with GEHL on the public spaces at CityPlace and will hire multiple architectural firms for the project, Rajegowda said.

These plans would require city approval. The property is also on land leased from the city. Rajegowda said he'd like to start construction in late 2018 or early 2019 on both the apartment and the office buildings. The office building would require more parking, but the apartments probably would not, he added.

Hotel expansion could also be in the cards. Since Related Cos.' Hilton West Palm Beach opened in early 2016, sales in the adjacent Palm Beach County Convention Center have tripled, Rajegowda said. Now that a convention center parking garage has been completed, the Related Cos. is in talks with the county about doubling the size of the convention center. If that expansion occurs, the developer would like to build 200 to 400 more hotel rooms, he said.

"We are turning away large convention groups because they need more space and more rooms," Rajegowda said.

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