

Plan for mixed-use project, AC Hotel in WPB wins first nod

Plans include a Marriott AC Hotel, 300 apartments, 50,000 sf of retail and commercial space

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By Dan Weil



West Palm Beach officials have granted preliminary approval for Navarro Lowrey to develop a mixed-use project at the old city hall site at the northern end of downtown. The five-story, 57,400-square-foot building, which sits on 2.27 acres of land at 200 Second Street, has stood vacant since 2009. It would be demolished to make way for a 180-room Marriott AC Hotel, 300 apartments, 50,000 square feet of retail and commercial space and a parking garage with 400 to 500 spaces. Navarro Lowrey would pay \$11.5 million for the site.

“The site is highly valuable, because the location is close to Clematis Street and along the [Intracoastal] waterfront,” Frank Navarro, managing principal of the West Palm Beach developer, told *The Real Deal*. “Strategically the project creates a link to more development going north to Good Samaritan Hospital. Its uses meet the economic and planning goals of the city.”

Local real estate pros offer a positive assessment of the project, though they express a few minor qualms. When it comes to the apartments, West Palm desperately needs more, particularly downtown, local real estate pros say. “Housing is as tight as I’ve ever seen it,” Rebel Cook, president of Rebel Cook Real Estate, a commercial real estate services firm based in Palm Beach Gardens, told TRD.

On the retail side, Reichel thinks the project can do well with “incubator” spaces of 500 to 800 square feet.

But Cook sees uncertainty for the retail component. “It’s a block away from Clematis Street — the main thoroughfare of downtown — and retailers are having a hard enough time there,” she said.

“Anytime you take a publicly-owned property and get a developer involved that can create activity and increase the tax base, that’s a positive,” Bill Reichel, president of Reichel Realty, a commercial real estate services firm based in West Palm, told *TRD*.

Reichel noted West Palm Beach-based Navarro Lowrey’s experience as a developer. According to the company’s website, the firm, founded in 1993, has a South Florida portfolio that includes EcoPlex and One Lakeside, both in West Palm Beach.

As for the hotel, Marriott AC brands itself as an occupant of “select, urban, hip locations ... with Spanish and European roots in our soul.” In September, the brand launched its first newly constructed hotel in the United States in Miami Beach. The AC Hotel Miami Beach was developed by Robert Finvarb Companies.

Navarro says the hotel may get business from attendees at the nearby convention center; business travelers, particularly those coming to the Palm Beach County Courthouse, located several blocks away; and tourists interested in exploring the town of Palm Beach.

He and others note the success of the Hyatt Place, located about one-half mile south, which opened in 2009. The new hotel will have the advantage of facing the waterfront, Navarro says. “Nothing against the Hyatt Place, but this will be a sexy alternative.”

And Reichel offers this note of caution about the entire project: while it looks great now, “when things get completed the world can change.” It will likely take 18 to 24 months to finish the development. In that time, the economy can take a turn for the worse and interest rates can rise substantially, putting a serious damper on the local real estate market, Reichel points out.