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North Palm Beach County retail and restaurant growth is surging

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JUPITER —

Excitement is building in northern Palm Beach County as new retailers enter the market and a new mega complex as well as revamped shopping centers take shape. Driven by residential and job growth, what's happening isn't necessarily startling, runaway or massive.

This summer the upscale grocer The Fresh Market is slated to open at The Shops of Fisherman's Wharf, an established center on East Indiantown Road in Jupiter. In the fall, Trader Joe's, a supermarket known for its store brands, is scheduled to open in Palm Beach Gardens at the southwest corner of PGA Boulevard and Prosperity Farms Road in PGA Plaza. The plaza is undergoing \$12 million in renovations.

“Everybody is looking forward to both of those retailers opening. Whole Foods is constantly busy,” said Rebel Cook, a commercial real estate broker based in Jupiter. The \$5 million renovation of Tequesta Shoppes on U.S. 1, where a former Stein Mart store is being turned into stores for Marshalls and Home Goods will dramatically improve that corridor, Cook said. “Older centers have to be renovated and updated. A lot of the very large shopping centers around the country are becoming entertainment centers because the retail market is changing so dramatically,” Cook said. “The reason it is changing is that people order on the Internet.” The largest number of calls from people looking to lease retail space comes from those looking to open fitness studios and restaurants, Cook said. “With Jupiter, 10 years ago, 70 percent of the population would leave during the summer. Only 30 percent stayed. I think that is reversed,” Cook said. “More and more people are living here year-round. You have more young families moving here, so the demand for retail is strong.”

“We are just coming back into a more normal mode of the last 30 or 40 years in South Florida,” said Neil Merin, chairman of Merin Hunter Codman, a commercial real estate broker with offices in Palm Beach County, including one in Palm Beach Gardens. Retail and commercial growth is following the residential growth that's just starting to return, Merin said.

The area's latest entrant into the entertainment center center category is Harbourside Place, a \$150 million, 360,000-square foot development in Jupiter. It's under construction on the Intracoastal Waterway on the northwest corner of Indiantown Road and U.S. 1. It will include a 179-room Wyndham Grand hotel, parking garages, 66,000 square feet of retail, 55,000 square feet of office, roughly 33,000 square feet of restaurants, a public amphitheater and a marina. Nick Mastroianni III, vice president/planning and operations at Allied Capital & Development, North Palm Beach, which is developing Harbourside, said it's 70 percent leased. A soft opening is expected in September, with a grand opening in November. The developer bills Harbourside as “Jupiter's rising downtown,” and “CityPlace on the water” but some residents have voiced concerns that it's too big for the area. With a focus on restaurants, cultural events, art festivals and concerts, Harbourside wants to be

a community gathering place. The roads will not have to be shut down to accommodate a large event, and the amphitheater can hold about 1,000 people, Mastroianni said.

Merin said that while Harbourside's retail square footage is not huge, it is interesting because of its location. Most of the purchases will be made by tourists or people who make an impulse buy after being drawn there for dining or an event. It won't be a shopping destination, he said. The project has been in the works for eight years. In many cases the new tenants are replacing those who left the market, whether the space was formerly a Blockbuster or a Winn-Dixie. "In some cases you are not replacing them fully. Many merchants want to go to smaller size stores because of the impact of online sales," Merin said. "North county is doing reasonably well. It did get overbuilt in the beginning of the 2000s. You had some terrible defaults. Downtown at the Gardens was the big one," Merin said. Downtown at the Gardens, next to The Gardens Mall, has been revitalized since Berman Enterprises bought the 350,000-square-foot center in the summer of 2009.

Restaurants are a key component of centers such as Harbourside, which has announced leases with Bravo, Tommy Bahamas, Too Bizarre and some smaller chains as well. Restaurant broker Richard Lackey a Palm Beach Gardens-based restaurant analyst and international broker with the Lackey Cos., said that while there are 91 food service establishments along the PGA corridor, there's room for excellent operators and concepts. "Palm Beach Gardens has now overtaken the Boca Raton area in so far as its visibility and desirability for restaurant locations," Lackey said. Lackey said reliable sources have told him that many of the Gardens area restaurants such as Seasons 52, Capital Grille and Brio have sales in excess of their respective chain's national averages. One concern is the potential for traffic congestion if a proposed development at the corner of Ellison Wilson and PGA is approved. Harbourside's developer wants to build PGA Waterfront with a hotel, parking garage, condominiums restaurants and office space at the site. "The problem will be the traffic. They have to come up with some creative idea to deal with the traffic," Lackey said.

Although new shopping centers sometimes pull tenants away from existing venues, The Gardens Mall has been 99 percent for several years, said Michele Jacobs, spokeswoman for The Forbes Co., which owns the mall. Harbourside and other projects aren't likely to change that. "We welcome the addition of this new competition into our marketplace, because it attracts more than just our local resident. It attracts a market visitor to our area. It just adds to the experience in northern Palm Beach County," Jacobs aid. The Counter, a franchised gourmet burger restaurant headquartered in California, is scheduled to open July 4 on the mall's lower level at the Sears' end, Jacobs said. Recent openings include clothing and accessory stores Boston Proper and J. McLaughlin and Jimmy Choo, the famous seller of shoes and handbags.

Marc Strauss, first vice president investments, Marcus & Millichap, Fort Lauderdale, said one thing that's changed in recent years is that the same shopper might go to Walmart, Neiman Marcus or a mall. "Today the demographic tends to move to where the right price is. There is just a lot of good positive trends with the retail in Palm Beach County. The construction is back," Strauss said. Even the construction of high-rise buildings in Miami-Dade County contributes to retail growth in Palm Beach County, Strauss said. Construction workers can't afford to live in Miami, so they commute from Palm Beach and Martin County, spending dollars on goods and services where they reside. "It's a slow and steady return to growth, as opposed to all of a sudden," Strauss said. With the return on investment low in Miami-Dade, investors are looking for opportunities in such marketplaces as Palm Beach County shopping centers, Strauss said. Many older centers need to be demolished and rebuilt. "We are under demolished," Strauss said.