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## NEWS

# Major hedge fund moving to West Palm Beach from New York

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A \$41 billion hedge fund based in New York plans to temporarily lease space in the Phillips Point office complex as part of a larger move to bring its headquarters to West Palm Beach, three real estate sources said on Thursday.

Paul Singer's Elliott Management Corp. also will open an office in Greenwich, Ct., as well as keep a presence in Manhattan, according to Bloomberg News, which first reported Elliott's move to West Palm Beach but did not identify a location.

Real estate experts familiar with Elliott's search said the firm will sublease 7,600 square feet of space belonging to the Arnold and Porter law firm at Phillips Point, a twin-tower office complex at 777 S. Flagler Drive, overlooking the Intracoastal Waterway.

The short-term lease is temporary space until Elliott can open more permanent offices of at least 25,000 square feet. The likely landing spot: 360 Rosemary, the new office building under construction by Related Cos. at Rosemary Square, according to two real estate sources.

By establishing West Palm Beach as its headquarters, the firm will be able to escape New York's high taxes, said Kelly Smallridge, president of the Business Development Board of Palm Beach County.

The move by the hedge fund giant is a coup for Palm Beach County, which has worked for the past eight years to lure financial firms from high-tax states in the Northeast.

The coronavirus pandemic and the desire by companies to exit dense, urban areas have accelerated the expansion trend to Palm Beach County, Smallridge said.

Until now, many firms were leasing small spaces up to about 5,000 square feet.

But the Elliott Management move represents the biggest deal to land in South Florida, and it's likely to prompt other large firms to explore relocating.

"Everyone has told me this is the big one. Elliott is the golden tip of the iceberg," Smallridge said.

360 Rosemary, West Palm Beach's newest office tower, is set for completion in early 2021. The 20-story building features 300,000 square feet of office space and is next to Rosemary Square, the shopping and dining complex formerly known as CityPlace.

Announced tenants include the Lewis Longman Walker law firm and Comvest Partners, a financial services firm. Both are moving from nearby offices buildings.

The Elliott Management deal would bring a major new tenant to an office market that rarely sees major new tenants. Casey Friedman of Elliott Management said the company would not comment. Phillips Point officials could not be reached.

A Palm Beach County real estate insider said the firm wants to lease at least 25,000 square feet in 360 Rosemary.

**Neil Merin, chairman of NAI/Merin Hunter Codman, said word in the industry is that Elliott Management is taking the Arnold and Porter space "until they can get into 360 Rosemary."**

Elliott isn't the only major finance firm eyeing West Palm Beach and, in particular, the 360 Rosemary building.

Real estate sources say Point72, a Connecticut-based venture capital fund owned by billionaire Steve Cohen, is close to finalizing a lease at the tower, too. Cohen, who previously led S.A.C. Capital Advisors until he pleaded guilty to insider trading, is seeking to buy the New York Mets baseball team for \$2.4 billion.

In addition, Goldman Sachs, the investment banking firm, is seeking at least 50,000 square feet of space in South Florida to cater to the needs of these billionaire clients.

Smallridge said she could neither confirm nor deny the Goldman Sachs office space search.

Goldman Sachs already has a small office at Phillips Point as well as in Miami.

Related Cos., 360 Rosemary's New York-based developer, said in a statement on Thursday that the company would not comment on either Elliott Management or Point72. Instead, Related pointed to an Oct. 19 op-ed column in The Palm Beach Post by Gopal Rajagowda, a partner in Related Southeast.

In the article, Rajagowda wrote: "Despite the pandemic, Related Companies' Class A properties have seen strong interest throughout 2020, from both local tenants and national ones looking to relocate. ... A flood of interest is why the under-construction 360 Rosemary is moving full-steam ahead."

360 Rosemary features several wellness-related features, including touchless entry, antibacterial surfaces and advanced air filtration systems.

For the past few years, hedge funds and private equity firms have been opening small offices in South Florida, especially Palm Beach County. Their decisions initially were driven by top executives' desire to have an office near their winter homes in Florida.

During the past couple years, tax law changes that eliminated deductions for state and local taxes accelerated the move by many of these firms out of the Northeast to Florida, which does not have a state income tax.

But these firms continued to lease relatively small office spaces.

The pandemic, however, suddenly has made Palm Beach County a much more attractive place to do business for financial firms, Smallridge said.

Executives can walk down the street and not be "neck and neck" with others, as they are in dense, urban cities, she said. Schools, including private schools, are open here, unlike in parts of the Northeast. Executives are able to buy homes because they have the financial means to outbid other buyers. And technology allows these executives to work from anywhere, she said.

Furthermore, companies seeking space in Palm Beach County office buildings like the fact that these complexes are not 40-story high-rises, where people throng to get on an elevator, Smallridge said.

"That crowded elevator is a big deal," she said.

Jeff Kelly, a CBRE executive vice president representing Arnold and Porter in its sublease efforts, said there has been interest in the space. But he said he did not know any companies' identities due to strict non-disclosure agreements.

Kelly noted, however, that a move to Florida for a New York-based hedge fund "makes sense due to the tax situation and COVID."

Another hedge fund that eyed 360 Rosemary is Citadel Securities, owned by billionaire Palm Beach resident Ken Griffin. For months, during the height of county business restrictions and lockdowns, Citadel used the Four Seasons Resort hotel on Palm Beach for a trading floor while the hotel was closed to visitors.

Sources say Citadel took a look at the 360 Rosemary office tower, but now the firm seems more focused on leasing between 30,000 to 50,000 square feet of office space in Miami on Brickell Avenue.

Smallridge said companies seeking to move to South Florida are looking mostly at either West Palm Beach or Miami. West Palm Beach is attractive because many senior executives already own homes on Palm Beach, Smallridge said. Miami is attractive to young workers they want to recruit, and the city also features an international airport.

Last month, news reports disclosed that New York billionaire Carl Icahn was moving his asset management firm and his home to Miami to avoid New York taxes.