

South Florida **Sun-Sentinel**

Beyond 'Wall Street South': Will Vanderbilt University deliver the next big thing to Palm Beach County?



Sean Pavone/Shutterstock - Vanderbilt's campus is an urban oasis near downtown Nashville. It has many green spaces and hundreds of trees, including the Bicentennial Oak, which dates back to before the American Revolution. Kirkland Hall features a clock tower housing a 2,000-pound bell that tolls every hour. The prestigious university is considering building a business school in downtown West Palm Beach. (Sean Pavone/Shutterstock)



By David Lyons | South Florida Sun Sentinel - August 30, 2024

It's not entirely clear whether rail barons Cornelius Vanderbilt and Henry Flagler crossed paths during America's boisterous Gilded Age in the late 19th century.

Vanderbilt, the steamship and railroad magnate, died in 1877, four years after he bequeathed \$1 million to start Vanderbilt University in Nashville, Tennessee. Flagler, the Standard Oil tycoon and pioneering Florida developer, brought his Florida East Coast Railway to Palm Beach in 1896.

But portions of the two men's vast legacies — the university and the City of West Palm Beach, which Flagler was largely responsible for developing — are about to converge in the form of a landmark deal that could reshape the futures of both.

After months of back-channeling and private discussions with local private and public sector figures, Vanderbilt University is close to signing contracts with the county and city to build a \$520 million project that would bring a second campus of the Owen School of Management to West Palm Beach, one of the nation's leading graduate business schools. It was ranked No. 25 in a 2023-24 national survey of 75 schools conducted by Bloomberg Businessweek. The university boasts an endowment that approaches \$10 billion, making it one of the nation's richest universities. According to a university website, 1,127 alumni reside in Palm Beach County and in northern Broward County.

Across the board, economic development officials, politicians and developers view the deal as a "once in a lifetime opportunity" to buttress the city and county's gravitas as "Wall Street South," a long-standing recruiting campaign orchestrated by the Palm Beach County Business Development Board. Over the years, it has helped draw a flock of money management and other financial firms to the area from the Northeast and elsewhere both before and after the COVID-19 pandemic.

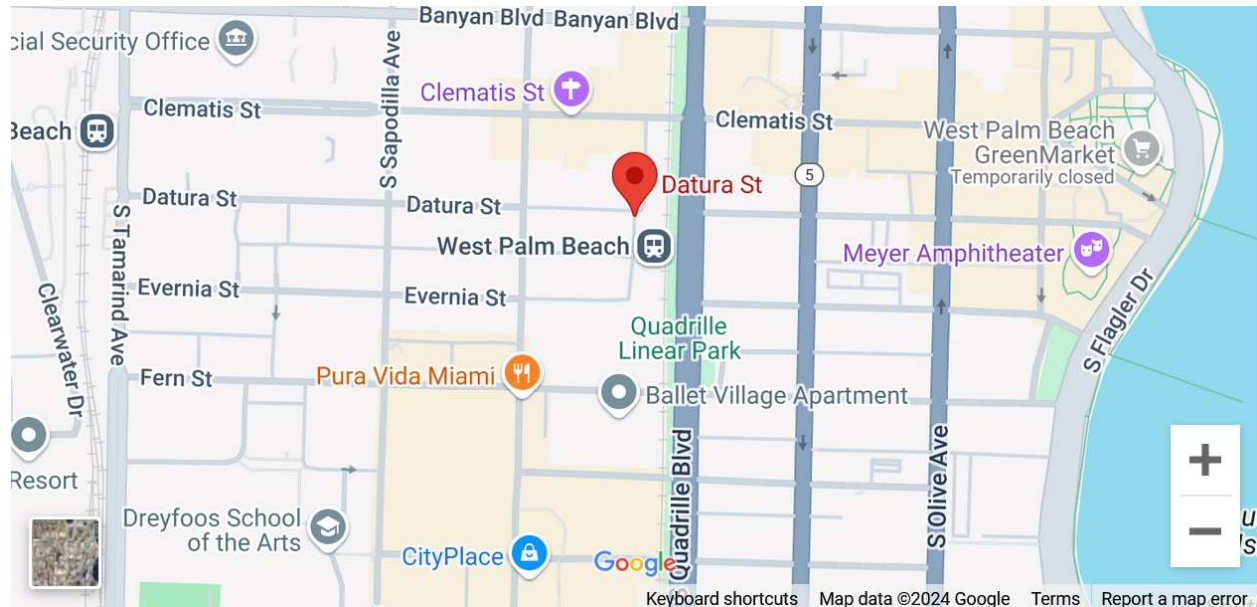
The school will focus on developing top managers through its MBA program, as well as computer science, AI and the development of an innovation hub that would jumpstart new business enterprises.

Although the idea has drawn sweeping support from commissioners at both the city and county levels, a lingering question loomed above the narrative of positive upside possibilities in the ensuing years: Will it have an expansionary or dilutive effect on local schools such as the state-funded Florida Atlantic University in Boca Raton, or even the private Nova Southeastern University in Davie. Business schools and innovation centers operate at both institutions.

A downtown campus

On Aug. 20, the seven-member Palm Beach County Commission heard mainly positive remarks for the Vanderbilt plan, which envisions a 300,000-square-foot business school between Datura Street and Fern Street in a sector known as Government Hill. In a joint presentation, Daniel Diemeir, the university chancellor, and Nathan Green, a vice chancellor, emphasized they aren't seeking a short-term return on investment. The spoke instead of decades of growing economic activity for the area — \$7.1 billion over 25 years, \$14.2 billion over 50 years and \$25 billion over 75 years as calculated by an Austin, Texas, consulting firm they'd retained to conduct an impact study. .

"It's not a satellite campus. It's a second campus," Green told the commissioners. "The commitment and the investment that we'll make here is reflected in the independent economic impact study."



The campus would be home to 1,000 students and a faculty of 100 to 125 people. Its construction, Green said, is expected to generate nearly 5,700 jobs.

The Vanderbilt business school would be located in the same area that had been earmarked for a similar campus envisioned for the University of Florida, whose business school is ranked No. 38 in the Bloomberg/Businessweek survey. But the project fizzled over disagreements between Florida and real estate developer Jeff Greene

The Greene property is not part of the Vanderbilt deal, government officials said.

County commissioners said they want to see a draft of the contract by Oct. 8, with a progress report to be delivered by Sept. 17. They also want to ensure the Vanderbilt deal carries provisions similar to the one drafted for the University of Florida, which carried a clause that it be used solely for educational purposes, or the acreage would revert to the local governments.

West Palm Beach Mayor Keith James, who spoke one day after the City Commission agreed to donate 2 acres of municipally-owned land for the project, called the proposal a “once in a lifetime opportunity.”

The city’s deal, which county commissioners said they’d expect to emulate for the county’s donation of 5 acres of land, would see the land revert to the local governments if Vanderbilt fails to use the properties for educational purposes. The mayor also said university would be required to “begin vertical construction within five years.”

Before the County Commission, the mayor’s upbeat remarks were echoed by billionaire real estate developer Stephen Ross, whose Related Companies bet big on West Palm Beach over the last 28 years with widespread commercial development and is now adding luxury condo projects to its citywide portfolio. Ross reportedly held an “A” list fundraiser at his Palm Beach

mansion earlier this year to benefit the Vanderbilt project. He did not respond to an e-mailed message seeking comment about his efforts.

At the hearing, Ross drew a parallel between what Stanford University did to help the development of Silicon Valley in California with what Vanderbilt could do for Palm Beach County.

“The whole county in the future will become what Silicon Valley is today,” Ross told commissioners. But to elevate Palm Beach County and the rest of South Florida to that level, he said, “you have to have good schools.”

Catalyst for new jobs, innovation

The land aside, the overarching hope expressed by local government officials and business leaders was that the school would lift the city and county to a higher level of continuous economic development. Although a strong surge of financial and technology firms have flocked to Palm Beach County to establish headquarters and satellite operations on the strength of a “Wall Street South campaign” advanced by the county Business Development Board, the area has suffered losses over the years because of gaps in the skilled labor force and insufficient numbers of upper echelon management talent to run the companies.

“I learned in the early ’90s, as I watched IBM, Motorola, Pratt Whitney, and Sony leave Palm Beach County, how important it was to have a strong education ecosystem,” Kelly Smallridge, president and CEO of the business development board, told the county commissioners.

“When we conducted our exit interviews, it was clear that those companies sought states and counties that had a great education, a wide array of colleges and universities to keep them competitive,” she added.

In an interview, she told the South Florida Sun Sentinel that she hopes any new products or research developments emerging from the school’s innovation hub could be commercialized through companies doing business in the county.

“Education is the currency of economic development,” she said. “(Companies) always ask us, ‘where is the talent.’ especially with a 2% unemployment rates.”

She said local universities serving as innovation hubs already have produced “cutting edge research, and we like to see that research spin off and benefit the community.”

Andrew Duffell, president and CEO of the Research Park at Florida Atlantic University in Boca Raton, indicated there was no reason for existing colleges with business schools to feel threatened.

While Duffell said he couldn’t speak for the FAU College of Business, he said the activities of a research-centric university such as Vanderbilt would produce a positive ripple effect for a county that is intent on become a research hub.

“If they pulled down a research grant from the National Science Foundation, then that’s money coming to Palm Beach County,” he said. “That’s good for all of us. It’s good for new knowledge creation. From what I’ve seen they’re really focused on collaboration and they want this to be another campus, not an outpost. Perhaps there will be joint projects between the two. This is a milestone on our journey of becoming a major research hub recognized nationwide and worldwide.”

A sense of permanence

John Boyd, principal of The Boyd Company, a relocation consultancy in Boca Raton, suggested in an interview this week that the West Palm Beach and Nashville areas are “two high growth Sunbelt markets” with similar characteristics. Both are desired landing spots for companies looking to relocate. And technology is a growth feature of their economics.

“Vanderbilt is the fourth wealthiest university in the country,” he said. “They’re the biggest winners in the migration of people from California, Chicago and New York. There’s something like 60 billionaires in Palm Beach County. (Vanderbilt) is a perfect fit.”

Vanderbilt’s longevity through its long-term commitment to the region is practically a certainty, Boyd added.

“Once Vanderbilt is in, they’re in,” he said. “A private business employer is more vulnerable to swings in the economy. Private employers can buy the land and flip the land. This will be a stable anchor.”