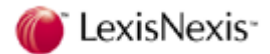


Buffeted; Development; Yacht owners, condo builders, local governments each set a course for region's marina industry

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Waiting lists to dock bigger and bigger boats underscore the demand for water access in northern Palm Beach County, where new marinas are being built and several are on the block.

But with finite waterfront space, public agencies, developers and marina owners are coming into conflict. For years now, condo developers throughout South Florida have turned to marinas for coveted waterfront land for new projects, putting the squeeze on boat owners.

Non-nautical types increasingly see marinas as a picturesque backdrop for high-end mixed-use projects, and a planned \$19 million redevelopment of Jupiter's Inlet Village has some property owners fearing eminent domain.

So-called upland projects featuring marinas adjacent to luxury condo projects can unite marina owners and developers. But some developers switch marinas from public access to access limited to residents and members.

Waterfront property is seen as one sure thing to boost a project in a tightening real estate market, but that can attract sharks. In a state with more than 1,250 marinas, recreational boaters face narrower options for hitting the water.

The Palm Beach County Commission has made some headway with a \$50 million bond issue to preserve working waterfronts and public access. About \$29 million has been committed to portions of the Sailfish Marina in Palm Beach Shores and the Palm Beach Yacht Center in Hypoluxo.

The county, which has 43 boat ramps at 13 parks with saltwater access, is upgrading other public facilities with water access. Spending plans include \$10 million for Phil Foster Park in Riviera Beach, \$5 million for the Riviera Beach city marina and \$2 million for Dubois Park at Jupiter Inlet.

Cities get involved

Frank Herhold, executive director of the Marine Industries Association of South Florida, which is based in Fort Lauderdale, supports this type of county involvement.

"Here in Fort Lauderdale we look with envy at what Palm Beach is doing," Herhold said. "Five years ago there were 19 boatyards in Broward and today we only have 13, nine of them with offers on the table primarily for nonwater-dependent use. The industry is sinking."

Cities also should get involved, Herhold said.

And some already are.

Boynton Beach recently stepped in with a waterfront investment. The city's community redevelopment agency paid \$4.8 million for the 24-slip Two Georges Marina on the northeast corner of Ocean Avenue and Federal Highway.

Seller DSS Properties headed by marina restaurant owner Steve Scaggs received a last-minute, \$7 million counteroffer from a condo developer but opted to sell to the city. The CRA's long-term plan includes more outdoor seating. Money for the purchase came from an \$18.7 million bond issue last December.

Lisa Bright, the CRA's executive director, said she expects \$2 million from the county bond issue to help pay for renovations.

The CRA also is also looking at land near the \$100 million mixed-use Marina Village project on the Intracoastal Waterway being developed by the Related Group of Florida.

Scheduled for completion this year, Marina Village includes 338 condos, 11 townhouses, 14,000 square feet of retail, 1,800 square feet of offices and a marina with 38 boat slips and a fuel pump.

In Riviera Beach, Bob Healey, chairman and chief executive of Viking Inlet Harbor Properties, is heading the city's massive \$1.4 billion redevelopment, which will include improvements to the 480-slip Riviera Beach Municipal Marina.

Healey won't rule out buying the marina if the city decides to sell it. The marina, with an appraised value of \$2.9 million, has been rumored to be losing money and headed for sale, but city officials deny both.

"We would never divest ourselves of the city's public facilities," said Floyd Johnson, head of the city's community redevelopment agency. "The whole point is to preserve and better these properties, not sell them."

The first phase of Riviera Beach's 130-acre redevelopment will cost \$800 million and expand waterfront property where Viking and Lockheed Martin maintain facilities. The project also will include construction of Harbor Village, a 50-acre mixed-use project.

Plans by Palm Beach Real Estate Trust, headed by the Huizenga family, for the 12-acre Rybovich Spencer boatyard and marina in West Palm Beach call for condos, retail, restaurants. Public access would continue.

An industry source, speaking on condition of anonymity, said talks are under way for the sale of one or all three marinas owned by Old Port Cove Holdings. They are Old Port Cove Marina & Yacht Club and North Palm Beach Marina, both in North Palm Beach, and New Port Cove Marine Center in Riviera Beach. Old Port Cove is part of a 60-acre condo and boating community with adjacent office and commercial space.

Built without permits

In Jupiter, several marinas are up for sale and possible redevelopment. William "Wink" Coleman assembled three tracts totaling less than an acre for an estimated \$1 million and built Inlet Village Marina.

He excavated, put up boat racks and modified the seawall -- all without required permits from the county and U.S. Army Corps of Engineers. To make matters worse, the unincorporated property had no water, sewage service or bathrooms.

The county threatened to retroactively fine Coleman \$200 a day for work over a period of months. The Jupiter Town Council talked Coleman into agreeing to annexation. The marina still has unresolved federal permit issues, but Coleman hopes to regroup and sell for at least \$5 million.

The town has to sign off on any future site plans, said Brenda Arnold, manager of Jupiter's controversial 2.5-mile, \$19 million Riverwalk project.

The Riverwalk on the Intracoastal envisions an entertainment center with office and retail space, a hotel and homes connected by bridges, walkways and bike paths.

Another property in play is the 4.15-acre SeasPort Marina, which sold in 1989 for \$4.5 million. The site is ripe for growth under the town's Riverwalk plan.

"The Riverwalk overlay would give the SeasPort owner the right to build a hotel up to five stories," Arnold said.

Owner David Haines was unavailable for comment, but neighboring business owners said the marina has been up for sale for some time and that both the Town Council and county made offers.

"We understand that private developers can definitely offer more money," Arnold said. "We're not pushing it. It will happen when the time is right."

Despite fears expressed by property owners, she emphasized the Riverwalk area is not targeted for eminent domain. "That is not what we ever envisioned," Arnold said.

In Palm Beach Gardens, plans call for a members-only waterfront development. Ground-breaking is months away for large-scale infill development next to the 133-slip Loggerhead Club & Marina, which has access to the Intracoastal Waterway.

Coral Gables-based Avatar/Brookman-Fels paid \$18 million last October for 20 adjoining acres on the southeast corner of Donald Ross and Prosperity Farms roads. The planned Frenchman's Yacht Club would have 113 luxury condos priced from \$1.4 million and an 8,000-square-foot private clubhouse.

Developers bought the tract from Seven Kings Holdings, which owns nine Loggerhead marinas in South Florida. Frenchman's Marina was Seven Kings' first purchase in 1995. Avatar sold its Harbor Islands marina in Hollywood to Seven Kings in 2004.

"The marina-condo mixture is becoming increasingly common as land availability evaporates, and northern Palm Beach is near build out," said Erick Finkleberg, Avatar's vice president of land acquisition.

In a world of synergies, Avatar offers membership discounts at the neighboring Ritz-Carlton golf resort and priority docking at Loggerhead.

Avatar is committed to two Hollywood waterfront projects. The company recently completed Harbor Islands, a private residential marina community, and is almost done with Ocean Palms, a high-rise oceanfront condominium community.

Seven Kings president and chief operations officer Raymond E. Graziotto said the acquisitive company wants to own 25 marinas by the end of 2009.

Rather than privatize them to upland developers, Graziotto said the company wants to keep its marinas open to the public and sell adjacent chunks of land for development -- as it did with Avatar and Marina Grande in Riviera Beach.

Taxation issues

But marina taxes can be a financial drain, pushing owners into the arms of developers.

"The taxes for the Palm Beach Gardens marina are being based on what the property would be worth if it was strictly a dockominium -- private condos and docks," Graziotto said. "We're paying double the taxes without double the profit."

Seven Kings' newest Loggerhead is scheduled to open next month in Riviera Beach as part of the \$200 million Marina Grande development, which includes 351 luxury condos, a restaurant and retail space. The joint venture by Seven Kings and Swerdlow Group/Boca Developers is in the city's redevelopment zone.

Seven Kings is not alone in its interest in marina purchases in Florida.

A consortium of 15 investors, including Pennsylvania marina developer Jeffrey Rhodes and Kenneth A. Himmel, president and chief executive officer of Related Urban Development, acquired Dallas-based Flagship Marinas last September from the Goldman Sachs-sponsored Whitehall Real Estate Fund for more than \$100 million. Himmel's unit is the mixed-use division of the Related Companies and the managing partner of CityPlace Partners in downtown West Palm.

Flagship operates nine marinas with more than 10,000 slips in five states, including Pier 17 Marina & Yacht Club in Fort Lauderdale.

Rhodes said the firm would be interested in buying the marinas and has been approached by undisclosed owners interested in selling waterfront land for development.

"There are only about half a million slips in the entire country, and it is getting harder and harder to build new ones because of environmental concerns," Rhodes said. "We hope to be aggressive in buying new property, but the project has to make economic sense. We aren't in any particular hurry." u

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