

Can Marinas Go The Way of Starbucks?



Ray Graziotto isn't trying to break the mold. He's trying to build one with his <u>Loggerhead Club and Marina</u>. The one-time apartment builder is creating a chain of marinas, aggressively building a brand in an industry distinguished by its plethora of family-owned, mom-and-pop shops.

Loggerhead is tapping a tried-and-true business formula that has long been successful in other industries. Many of the world's largest companies have built their fortunes with a brand, creating a consistent image or product that breeds customer loyalty...But it's a rare approach in the marina world.

That's because marinas are specialized businesses, industry leaders say. Each property, each waterway and each boater has unique conditions and needs.

Developer aiming to create new-style marinas

Jupiter-based developer Seven Kings Holdings' chain of marinas is leaving mom-andpops in its wake

The Palm Beach Post BY LORI BECKER

Ray Graziotto isn't trying to break the mold. He's trying to build one.

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Just like chain restaurants have the same menu and hotel chains offer the same rooms, Graziotto's Loggerhead Club and Marina is aimed at consistency. When boaters cruise into a Loggerhead marina, Graziotto wants them to find eager employees in white nautical uniforms, a captain's lounge with gourmet coffee and daily newspapers, well-kept docks and a polished ship's store.

"Under this brand, you know what you're going to get," he said. ``You know the facilities are going to be clean. You know you're going to be greeted with a smile. . . . People really don't have the time in their lives anymore to have to worry about pulling into a place where they're not taken care of."

EXPANDING CONCEPT

Graziotto and longtime developer J.C. Solomon II, partners in the Jupiter-based Seven Kings Holdings, own nine marinas, stretching from Vero Beach to Miami, with nearly 1,950 wet slips and dry stacks. They want to reach 20 within the next five years.

Loggerhead's new-style marinas haven't won over everyone. Some boaters criticize the company's country club style for chipping away at the Old Florida flavor of the docks. But marine industry leaders praise the approach as innovative, and most customers applaud improvements at the marinas.

Seven Kings has spent about \$81 million accumulating and improving its marinas during the past decade, said Graziotto, who declined to release sales figures for the privately held company. It picked up steam in 2004, when it bought four properties and launched the Loggerhead flag.

The company's newest addition is slated to open this month in Riviera Beach. The only marina that Seven Kings has built from scratch, the \$180 million project at the foot of the Blue Heron Bridge includes an 80-foot-tall, orange-and-yellow warehouse that holds about 340 boats up to 48 feet long.

CONDO COMPONENT

It also includes 351 condominiums.

"This is where the money is," Graziotto said, pointing to the Marina Grande condo towers hovering over his marina. ``Some say I'm crazy for building this facility, that I should have put another condo building here."

Condos, though, are a key component of Graziotto's business plan. He wants to run marinas that are open to the public. He is a proponent of preserving access to the water.

But he also is a businessman. And he knows that skyrocketing property values have put a pinch on marina owners. So most of Loggerhead's properties are connected with the money-making residential communities, which Graziotto said enables him to operate the marinas. "It's nearly impossible to make economic sense of buying a piece of dirt and making it a marina," he said.