



Million-Dollar Boat Slips

Even with boats only 35 feet long, boaters are clamoring for dock space at Fort Lauderdale's waterfront homes.

By Kim Kavin — June 2004

Realtor John Terrill sat at his computer and listed the properties in Fort Lauderdale's premier waterfront neighborhoods, the ones less than a half-hour's cruise from the inlet. On that spring day in Las Olas, Rio Vista, and Harbor Beach, there were 114 properties for sale, a typical number. Only five were priced less than \$1 million, which means lots with just 50 or 75 feet of waterfront and a house in need of repair or razing.

"There's tremendous demand at that price point," Terrill says without a hint of surprise. "We could sell property every day if we had that type of property."

Despite their sometimes lackluster condition, prime-location waterfront properties in the \$1- to \$2-million range had sales up 83 percent during the first quarter of this year compared with last, Terrill says—in many cases, because of growth in the boating industry. In a city whose marinas are becoming harder and harder to get into, Fort Lauderdale boaters with vessels as small as 35 feet are buying waterfront homes simply for the dock space.

A direct study of the correlation doesn't exist, but Terrill and others are convinced. His theory is based not only on the information that crosses his desk at Intercoastal Realty, but on his experience as the owner of a 40-footer he keeps docked at his house in Las Olas Isles—and on the knowledge of the boating market he acquired during his 20 years as a megayacht captain who traveled worldwide.

"If you consider the fact that these properties are being purchased because of yacht owners' desire to keep the boat—and you throw in the statistics for growth in the yachting industry—you can understand," he says. "Rarely do people look at the yachting industry as a factor affecting property in southeast Fort Lauderdale, but it's fueling demand."



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Deborah Libster agrees. A Realtor with Galleria Collection of Fine Homes who has specialized in waterfront real estate since 1986, Libster says she's seen prices climb as much as 25 percent since November alone—and the strong sales at the Fort Lauderdale International Boat Show.

"That plus the stabilization of the stock market has fueled a lot of pent-up demand," she explains. "A lot of people who would've liked to purchase a boat in the last few years now feel comfortable purchasing the boat, and of course they need a place to put it. There are very few condominiums that have boat dockage down here, so it drives up the prices of waterfront homes."

Terrill sees at least one other significant factor: the ripple effect of marinas pushing to get more megayacht business.

As an example, he cites Bahia Mar Yachting Center, which recently finished a reported \$17- to \$20-million renovation to attract more business from yachts 80 feet and larger. The marina used to have 330 slips; now it has just 250 with 100 of them designated for megayachts. Other local marinas are taking the same approach as they try to get a piece of the more than \$576 million generated by megayachts in 2002 from boatyard, brokerage, and charter activities in the Fort Lauderdale area, according to a recent report in the Sun-Sentinel.

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Part 2: Fort Lauderdale is becoming like the south of France—a place where dock space is virtually nonexistent.

By Kim Kavlin — June 2004

The lack of smaller-boat dockage space driven by the megayacht influx, combined with the increasing number of high-end condominiums without slips, is pushing boaters to pay ever-higher marina fees citywide—or to invest in waterfront real estate with dock space they can control. Many are choosing the latter, then applying for homestead designation (which means the owner lives on the land) that can cap property tax increases at three percent a year no matter how much the value of the home appreciates, Terrill says.

Compare that with the future rate increases for boats of all sizes at marinas with unquenchable demand, he suggests. "What you have to pay for dockage for a megayacht and a tender, you might as well own a house," Libster agrees. She lives on a 100-foot waterfront lot in Las Olas and believes this is the last year homes will sell in that area for less than \$1.5 million. Point lots, at the end of canals and able to accommodate megayachts, are already pushing \$3 million for teardowns. "There's one condominium project in town with 150-foot slips, and they sell for \$350,000," she says. "That's the slip. One condo for sale with a slip like that is \$2.3 million."

The waterfront real estate push from boaters is so strong that Terrill sees it extending up the New River, to neighborhoods like Riverland and Citrus Isles that can be at least an hour's cruise from the inlet. The houses there are generally

older and smaller, with no more than 75 feet of waterfront, but the average price of a teardown has risen from about \$300,000 a few years ago to about \$500,000 now, he says. It makes sense: People who can't find one large property in a prime location are buying adjacent smaller properties up the river to accommodate their yachts.

"Without a doubt, it's boating that's driving it," Terrill says. "If you wanted to pay \$500,000 for a house that was not waterfront, you would have a very nice, large-square-footage, new home. Instead, people are buying much, much older homes that are teardowns or need a lot of work."

At the end of the day, Terrill believes Fort Lauderdale is becoming like the south of France—a place where dock space is virtually nonexistent and where the bulk of it is reserved for boats bigger than 80 feet. As anyone who has cruised there knows, there's no going back once that threshold is crossed.

"In Europe many years ago, there was a reasonable amount of space for the yachts," he recalls from his days in command of a 133-foot Feadship. "As the industry grew, it got to the point where in the high season, the first captain in who negotiated with the dockmaster might get a slip. There were ten other yachts hanging out in the harbor on the Cote D'Azur that had to spend the night on the anchor. That's the way it is there now, and that's happening now in Fort Lauderdale."

Looking toward the future of dock space in Southeast Florida, today's \$1-million teardown waterfront homes in Fort Lauderdale may indeed be quite the bargain, no matter what size boat you own.