

Multimillion-Dollar Boat Slips

Yacht owners crowded out of marinas are driving the waterfront real estate market nationwide.

By Kim Kavin

Realtor John Terrill sat at his computer and listed the properties in Fort Lauderdale's prime 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. Of them, five were 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. "We could sell property every day if we had that type of property."

Despite their sometimes lackluster condition, Fort Lauderdale waterfront properties in the \$1-million to \$2-million range have recently had increased sales of as much as 83 percent in a single quarter — in many cases, Terrill says, because of growth in the boating industry. In a city whose marinas are becoming more and more crowded, he says, men who are buying yachts as small as 25 feet long are also buying waterfront homes simply so that they'll have a place to dock.

And Fort Lauderdale is not alone. A client of **Lila Delman Real Estate** in Jamestown, Rhode Island, bought a waterfront home in the \$3-million to \$4-million range on tony East Shore Road because it had deep-water dockage to accommodate his 150-foot motoryacht. He didn't even plan to live there; the house was for his yacht's captain.

Across the country, near Newport Beach, California, real estate agent Paula McKinney is seeing the same thing — only with houses selling for as much as \$10 million on Lido Island and Linda Isle. "People will buy the home because you can fit a 50-foot yacht there," she explains. "It's very difficult to find a place to dock. Any big spaces at the yacht clubs are taken up. The biggest boat out here is about 135 feet. That guy bought two houses, knocked them down, and built a waterfront dock with a whole new house."

There are no hard statistics that support the correlation between increased yacht ownership and waterfront home purchases, but Terrill is convinced. His theory is based not only on the information that crosses his desk at **Intercoastal Realty**, but on the unique knowledge of the boating market that he acquired during his 20 years as a worldwide megayacht captain.

"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 explains. "Very rarely do people look at the yachting industry as a factor affecting property, but it's fueling demand."

Deborah Libster, also of Fort Lauderdale, sees the trend too. An agent with **Galleria Collection of Fine Homes** who has specialized in waterfront real estate since 1986, Libster said she saw prices climb as much as 25 percent during just the handful of months after the gigantic Fort Lauderdale International Boat Show. "There are very few condominiums that have boat dockage down here," she says, "so it drives up the prices of waterfront homes."

Terrill sees several factors converging on the waterfront real estate scene. The most significant is the ripple effect of marinas pushing to bring in more megayacht business — to lure the kinds of big-money megayachts that he used to command.

As an example, he cites the **Bahia Mar Yachting Center** in Fort Lauderdale, arguably the yachting hub of the United States. That marina underwent a \$20-million renovation designed to attract more business from yachts 80 feet and longer. Eighty slips were added for these megayachts, but at a price — Boats smaller than 80 feet long now had to make due with 150 slips instead of the 330 that used to exist. The displaced smaller yachts had to find other marinas to call home, which means increased demand across the city. With increased demand comes

increased dockage rates, which will only go up as more and more boats of all sizes arrive in Fort Lauderdale and pack the marinas completely.

The lack of general dock space driven by the megayacht influx, and the corresponding hike in dockage rates across the board, are pushing boaters into the waterfront real estate market. Think of that rate increase at Bahia Mar and the projected increases for the next few years, and compare them with a waterfront parcel's expenses. If a Fort Lauderdale homeowner applies for a homestead designation (which means he lives on the land), he can cap property tax increases at 3 percent a year no matter how much the value of the property appreciates.

Thus, waterfront property has become the escape valve for savvy investors who need reliable, available, consistently priced dock space for their yachts.

Libster, who lives in a 100-foot waterfront lot in Las Olas, says that even the 50-foot lots in that part of Fort Lauderdale are selling in the million-dollar range. Because of setbacks, they can only accommodate boats 40 feet long. Anything bigger than a 75-foot lot that could house a megayacht is called a point lot, at the end of canals with water on both sides. "Even for a teardown house, the price of that kind of lot is \$3 million," she says. "There's one condominium project in town with 150-foot slips, and they were selling for \$350,000. That's the slip. One condo for sale with a slip like that was \$2.3 million.

"The problem is that you have a lot of high-end luxury condominiums for sale, and they don't have boat slips," she continues. "So there's a real shortage of space in the marinas. You go to a house, and what you have to pay for dockage for a megayacht and a tender, you might as well own a house."

People who can't get into Las Olas or the other prime locations in Fort Lauderdale are even buying adjacent properties up the New River and extending the docks to accommodate bigger 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 available dock space is virtually nonexistent during the busiest times and where the bulk of it is reserved for boats bigger than 80 feet long. If his theory is correct, marina dockage rates will continue to climb for boats of all sizes, and there will be only one option left for yacht owners in Fort Lauderdale, Jamestown, Newport Beach and other high-end boating destinations on both U.S. coasts — buying waterfront property.

"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 10 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. In the last year or two, it's started to be that way. The growth of the industry and the sizes of the boats have made it that way."