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## When the Dock Is Worth More Than the House

By Ben Casselman

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The most valuable piece of a waterfront property isn't always the land. Sometimes, it's the dock.

In vacation spots from Buzzards Bay in Massachusetts to Puget Sound in Washington, home buyers are increasingly paying big premiums -- sometimes as much as twice the cost of comparable properties -- for waterfront homes that come with their own docks.

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In parts of South Carolina's marshy Low Country, docks are doubling property values, while in Puget Sound they're increasing values by as much as \$500,000. In the Northeast, the dock premium has reached as high as \$1 million on Long Island and \$4 million or more on Nantucket. In Laurel Harbor, N.Y., a two-acre parcel with a 150-foot beach and a 75-foot dock was recently listed for \$1.4 million -- even though local zoning rules prohibit the construction of a house on the property. And in Cove Neck, N.Y., a buyer recently paid \$3.4 million for a waterfront home -- and then promptly tore it down. The value, the listing agent on the sale says, was in the dock.

It's nearly impossible to build a new dock in many parts of the country because of environmental regulations, local ordinances or, in some cases, outright bans on new construction. In the Long Island village of Centre Island, which hasn't seen a new dock built since the 1970s, pop star Billy Joel recently gave up his five-year battle to build a dock after running up against federal environmental laws.

"I will not buy where I cannot have a dock," says 55-year-old Charles Manker, who keeps four boats on the dock of his 4,500-square-foot summer house in Chatham, Mass., and also has a property with a dock on Spring Island, S.C.

A cottage industry of expeditors has sprung up to help homeowners steer new dock-building projects through the thicket of regulations. Patricia Altschul, who hired an expeditor when she wanted to renovate a run-down dock on her property in Centre Island, likened getting the construction permit to "renegotiating the SALT treaty." It took two years, but she ultimately got approval to rebuild.

The dock premiums come as boat-ownership soars. There were 13 million recreational boats registered in the U.S. in 2005, according to the National Marine Manufacturers Association, up 10% from a decade earlier. As the number of boats has grown, so too has the dock-building logjam, stirring up community feuds and petty politics between newcomers and longtime residents.

"It all boils down to the same thing," says John Weldon, a member of the city council in Neptune Beach, Fla., which recently passed new dock-building regulations. "More and more money comes down to Florida and it creates more and more friction."

Although laws regulating design and materials have driven up costs somewhat in recent years, the physical cost to construct a deep-water dock rarely tops \$75,000 in most parts of the country, and smaller docks can cost far less. In a few areas, rugged seas or unusual restrictions can push the price tag into the six figures, and maintenance can add thousands of dollars a year. Even so, that pales in comparison to what docks add to the value of the real estate. "I personally think some of the values are overstated," says Steve Bliven, a harbor planning consultant in South Dartmouth, Mass. But, Mr. Bliven adds, "it's a market economy."

### Getting Into Deep Water

There is no official measure for calculating dock premiums. But appraisers, brokers and other real-estate experts say they are able to get a reasonable estimate in various areas by analyzing past sales. In the Cape Cod town of Osterville, for example, the median sale price of a home with a dock last year was \$5.8 million -- versus \$2.45 million for a waterfront home without one, according to local real estate agent Jack Cotton. While properties with docks are often larger or better situated, Mr. Cotton says a good dock routinely adds at least \$1 million to a property's sale price.

Appraisers also look at "paired sales" -- properties that are similar except for one feature. Chatham, Mass., where Mr. Manker has his dock, provides a particularly good example: two five-bedroom Colonials that sold within four months of one another. Both were waterfront properties with similar acreage and square footage, but only one had a dock. The difference in sale price: \$1.3 million, a 33% premium.

For most of the 20th century, adding a dock required little more than a local building permit. New environmental regulations passed in the 1970s and 1980s added a layer of bureaucracy but rarely blocked construction altogether, except in a few

especially sensitive areas. Only recently have construction bans, moratoriums and other harsh restrictions become widespread enough for docks to command such significant premiums.

In some areas, long waiting lists for berths at public moorings and slip space at private yacht clubs mean that private docks are the only option for many boat owners in need of a place to tie up their crafts. Duxbury, Mass., resident Bill Rice, who recently paid \$1.7 million for a 0.78-acre waterfront property with a five-bedroom house, a pool and a dock for his 15-foot Boston Whaler, says he would have had to wait years to get a mooring in town. Without a private dock, he says, "we wouldn't have had access." But for many boat owners, private docks are about convenience, rather than need. "To be able to walk down to the end of the dock, grab my gear and go -- it's a great thing," says Long Island lawyer Richard Hutchinson, who owns a home in Cove Neck, N.Y., with a 175-foot-long deep-water dock for his 36-foot Chris-Craft power boat.

Docks are worth far less in areas where they are commonplace or relatively easy to build; in much of the Midwest, for example, where lakefront docks usually require no special permits, they add just \$15,000 to \$20,000 to the property value, roughly the cost of construction.

The ones that add the most value are those that have access to deep water even at low tide, include water and electric hookups and can withstand storms without being pulled out of the water. Deep-water docks -- commonly defined as those with at least six feet of water at low tide and suitable for a large sailboat -- are often worth two or three times as much as those in more shallow water.

There are exceptions, however. In Nantucket, where only a handful of properties have private docks and new construction has been banned since April 2005, a property sold for nearly \$18 million that year, and local agents say anywhere from \$4 million to \$7 million of the price came from the dock. This, despite the fact that it sits in four or five feet of water at low tide, enough for only about a 20-foot boat.

Seattle-based dock builder Waterfront Construction charges up to \$90 per hour to help property owners obtain an average of seven required permits from the state Department of Ecology. Dave Douglas, a permit coordinator for the company, says the cost of getting a dock permit has more than tripled in the past decade.

When Billy Joel paid \$22 million for a 14-acre waterfront estate on Centre Island in 2002, located in the Oyster Bay National Wildlife Refuge, he assumed he'd be allowed to rebuild a dock that once stood on the property. But U.S. Fish & Wildlife Service, which controls dock-building in the refuge, refused the request because the property's dock permit had expired. Mr. Joel, who had local support for the project, eventually gave up and is now selling. "Because I'm a high-profile person, if I was allowed to build a dock, it would open up a can of worms because many people have applied for dock permits and have been denied," Mr. Joel says. A spokesman for the refuge says the agency's rules are intended to protect wildlife and are applied consistently.

### The Manatee Question

Most current dock-building restrictions are rooted in environmental issues and concerns about increases in recreational boating activity. Many of the country's most popular boating areas lie in environmentally sensitive areas. Florida's Biscayne Bay, for example, is a key habitat for the threatened manatees, while Puget Sound is home to the threatened Chinook salmon.

Others argue that strict rules are necessary because while one dock may not do much environmental damage, many docks can. "If everybody who lives in Oyster Bay wants to put up a dock, then all we'd have is docks everywhere," says Michelle Williams, deputy manager of the Oyster Bay refuge. Ms. Altschul, on Centre Island, agrees. "There's nothing worse than seeing islands where every 20 feet there's a dock sticking out," she says.

Ms. Altschul, of course, already has a dock -- and with her house on the market for \$15.8 million, she's ready to cash in on the premium, which her real estate agent, Barbara Candee, estimates to be at least \$1 million. Others, too, are looking to take advantage. John Foster, a 55-year-old lawyer and developer, paid \$850,000 for a 12.9-acre parcel of land on Edisto Island, S.C., two years ago. The sale included dock rights -- as long as he put one up by Dec. 31, 2006. Mr. Foster says he spent \$100,000 to build a 300-foot-long dock, even though he doesn't own a boat and doesn't plan to build a house on the lot until he's closer to retirement. Passing on the chance to build a dock, he says, would have been like throwing away money.

Besides, he adds, he likes having it. Occasionally, he'll drive the 100 miles from his home in Columbia, S.C., just to visit. "I sit on the end of the dock," Mr. Foster says, "and have a drink."

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## A Rising Tide of Services

On the water and off, boaters have access to a range of high-end services. Here are a few offerings around the country:

NAME/LOCATION	DESCRIPTION	PRICE	COMMENT
<b>Forty 1° North</b> Newport, R.I.	Marina accommodates yachts up to 250 feet long	\$7.50 per foot per night for transient boaters	Billed as "how the other half docks," facility offers concierge service, free wireless Internet and two restaurants.
<b>Yacht Clubs of the</b>	A network of boat	\$130k to \$250k for a dry slip;	Members get access to boat storage at

<b>Americas</b> Fort Myers, Fla.	clubs in Florida and the Bahamas	\$210k to \$1 million+ for wet slips	all locations. Clubs offer cigar lounges, fitness centers, cocktail bars and private chefs.
<b>Island Gardens</b> Miami	50-slip, mega-yacht marina and mixed-use project	Early projections are for \$3 to \$6 per foot per day	Marina will be part of a \$575 million project, due to open in 2009, with two hotels, 60 shops and 10 restaurants.
<b>Monocle Fractional Yachts</b> Fort Lauderdale, Fla.	Fractional ownership shares in 100-300-foot yachts	\$500k for a 10% stake in a 100-foot yacht, plus maintenance fees.	Owners get access for four weeks a year. Shipboard amenities include hot tubs, media rooms and live-in staff, including private chef.
<b>Four Seasons Ocean Residences; Magellan Residential Cruise Line</b>	Luxury residential cruise ships	\$1.875 million to \$39 million for fully owned units. Magellan has fractionals, too.	Set to launch in 2010, amenities will include restaurants, spas, and, aboard the Magellan, an on-board astronomer. The Four Seasons will have 112 residences; the Magellan, 212.

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