

Eastern Pompano Beach May Be Next Development Hot Spot

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Rendering of Fourteenth & Ocean

Adache Group Architects

Eastern Pompano Beach is the next development hot spot, investors say, thanks to the efforts of the city's Community Redevelopment Agency.

A long-range plan by the city and Chamber of Commerce to attract private investment is paying off with real estate developers and other entrepreneurs looking to cash in on the emerging arts, culture, retail and dining zone.

"We're definitely prepared to put a significant amount of dollars into that corridor," said Adam Adache, managing partner of Pompano Beach-based Cavache Properties LLC. "We see it as a huge opportunity because of the proximity to the beach and Intracoastal, and we're actively out there talking to several sellers, even in cases where properties aren't for sale."

Cavache is scouting deals in communities between the beach, Federal Highway, Atlantic Boulevard and Fifth Street, with an eye for waterfront and interior lots. The prime focus is residential, but executives say they would consider commercial projects likely to attract residents and visitors.

One deal in the works could represent a \$25 million investment, and two others range from \$5 million to \$10 million each.

"We're following the east CRA," Adache said. "There's been a lot of redevelopment in the last couple of years and more planned. What we're interested in as developers is not only the CRA boundary but the entire development corridor, neighborhoods to the south even up to a mile and some to the north as well."

Quick Turnaround

Business partners Butch Johnson and Wayne Alcaide are looking at east Pompano too. The two restaurateurs were among the first investors to put money into downtown Delray Beach in the mid-1990s. Nearly two decades later, their Throwback Restaurant Group LLC is taking a gamble on another community, betting the public sector-led efforts will mean good business.

"The idea is to turn the area around," Johnson said. "You can't predict where it's going to go, but I think there's enough good people involved that it's got a shot."

Throwback will invest \$500,000 to \$600,000 this year to open Heath on First, a 3,000-square-foot restaurant with 2,000 square feet of patio space. The new venture is on city-owned land at 44 NE First St. across from the new Hotel Bailey Art Center near City Hall. The company will pay \$10 annually for the first five years of the ground lease, then renew for \$14,000 per year with 7.5 percent annual increases on base rent.

"Everybody's committed to it. The city's committed, the CRA's committed. It's a reclamation project," Johnson said. "It's a good thing to take an area and turn it around."

He and Alcaide took a similar gamble in Delray Beach before the Atlantic Avenue retail boom when they opened Thirty Two East on the site of an old auction house. By the following winter "the area was on the move," Johnson said, with other restaurants, a music club, other retail and a solid return on investment.

"People start to invest, and it starts to turn very quickly," said Johnson, who operates two Delray Beach restaurants.

Repositioning Strategy

That's what Pompano Beach is banking on, spearheading an aggressive multimillion-dollar push to attract private investors.

"The beach had been dilapidated for many years," said Kim Briesemeister, principal of Redevelopment Management Associates LLC, a consulting company the city hired to run its east CRA district. "No one was going to come and invest in the area."

As part of the redevelopment push, a professional staff was hired to for streetscape plans, public recreation spots, social events and walking trails. A lawn can be used for yoga, meditation, weddings, church services and concerts, and there's an interactive fountain for children. Business incentive programs cover up to 80 percent of the cost of facade upgrades and 15 percent of interior build-outs. But above all, staffers say the CRA launched a marketing campaign to tell investors the city "is open for business."

A \$40 million private development is set to break ground in early 2015. The proposed project by New Urban Communities would include village-style shops, restaurants and entertainment though its proposed beachfront boutique hotel has sparked protests from area residents.

The city's next major step is to create parking lots and garages to attract commercial investors. The city already has added 109 parking spots in the district and built a 140-slot surface lot on Atlantic Boulevard. The move drove annual parking revenue to \$1 million from \$500,000.

"Where there was once nothing, it's now activated," Briesemeister said. "What you're starting to see is not just a simple streetscape. It's an environment that people want to be in."

Forward Motion

That's what led Cavache Properties to invest \$15 million in two projects near Pompano Beach's east CRA district.

Successful redevelopment campaigns support residential real estate, and executives say the company wants to get in on the ground floor.

Still four months away from wrapping up construction on its Santa Barbara Villas townhouses, Cavache already has sold all 10 units in the \$3 million development.

The Mediterranean-style project features three-bedroom units ranging from 1,800 to 1,878 square feet and priced at \$300,000 to \$339,000. The community has private terraces, a heated pool, sundeck, cabana, barbecue area and spa.

A second Cavache venture about a half mile north of the CRA district has an \$11 million price tag. Fourteenth and Ocean is planned at the corner of State Road A1A and the 14th Street Causeway across from the beach on a BankUnited site. It will feature 21 three-story townhouses, each about 2,500 square feet, priced from \$500,000 to \$600,000.

"If you put this same product in east Fort Lauderdale within the same proximity to the beach, it's likely to be priced in the \$700s just because of the cost of land and the cost of doing business in a more developed city," Adache said. "Pompano Beach has just as much promise but at a more desirable price. It's just beginning development but will likely take off soon because of the CRA mindset and increasing scarcity of land. It's happening. We believe it has a good forward motion, and the whole area is on its way up."