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A condo building rises near the Beau Rivage in Fort Myers, Fla.

A Florida City Awaits the Payoff From Its Bet on Condos

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FORT MYERS, Fla., Feb. 5 — As the stepchild to its more beautiful sisters in southwest [Florida](#), Naples and Sarasota, this city has struggled for decades to revitalize its picturesque downtown and attract snowbirds and tourists.

With low-rise buildings dating back to the 1800's, the city has the potential to be a New Urbanist paradise. But as in many other cities that began sprawling outward in the 1970's, the downtown was long neglected until high hopes for condo development along the riverfront spurred city planners to undertake a major redevelopment effort.

Now, the historical buildings are no longer deteriorating; many have been rehabilitated using preservation tax credits and other tax abatement measures. And yet much of downtown is still vacant, leaving some people in Fort Myers to wonder, What if you rebuild it and they still don't come?

"The city leaders have put all their eggs in the condo basket," said Warren J. Wright, the councilman for downtown Fort Myers. "They said, if we build enough condo units, then downtown will come back to life. But the way the economy is going, I'm not sure they'll ever get built."

City planners had long ago determined that increasing the downtown residential population, currently less than 3,000, would be critical to the city's revitalization. And with riverfront property suddenly in high demand as condo fever belatedly reached Fort Myers, the city went where the market took it.



First Street in Ft. Myers, the focal point of redevelopment.

The Beau Rivage, the first high-rise tower to be built on the Caloosahatchee River in 15 years, opened in October 2004. It all but sold out before construction began. Developers from Ohio to Israel took note, and snapped up land along the waterfront. Based on the sudden interest in Fort Myers, the city hired Andrés Duany, the well-known New Urbanist architect and urban planner, to develop a master plan for downtown and the waterfront.

In short order, the city began approving high-rise condo projects for a total of 3,600 units, all exceeding the height limit set by the master plan that had just been adopted, as well as the number of units allowed by law in a coastal high-hazard zone. (The city is currently lobbying the state to raise the cap.) Fort Myers also proceeded with a \$30 million downtown street improvement project, and spent millions expanding the airport.

But the Beau Rivage might become the harbinger of a market slowdown. A year ago people here worried that Fort Myers, predicted to triple its downtown population in five years, would be overdeveloped. Now some are concerned that wealthy condo dwellers might not save the city after all.

Open more than a year, the Beau Rivage is only 35 percent occupied at the height of snowbird season, when Northerners come to Florida. Many of the units have already been flipped once, and 26 of the 124 units are back on the market.

At least one investor, Craig A. Teich, based in Fort Lauderdale, barely made his money back when he sold five units in a hurry; Beau Rivage's management acknowledged that he escaped a loss only because he bought into the complex at a discount rate.

Three of the nine projects that have been approved since the master plan was adopted are under construction, with three more high-rise projects in the process of approval. But one developer, the BSR Group, based in Israel, recently tried to sell its riverfront property in a deal that fell through, and a project by the Throgmartin Company is tied up in a land

swap imbroglio involving the National Park Service. The rest might suffer from rising construction costs and a slowdown in preconstruction sales.

"I don't know why there aren't more people in Beau Rivage," said Donald Paight, executive director of the Fort Myers Downtown Redevelopment Agency. "But I'm very confident that all of the towers that have been approved will get built. Developers have already invested millions of dollars on land acquisition, design and permitting. People will be living in them eventually."

He added, "If an investor doesn't make as much money as they hoped, I don't really care."

One real estate agent who put investors into three condo developments that are not yet under construction says he believes his clients are safe.

"We cherry-picked the best developments and their construction costs are already locked in," said the agent, Brad Cozza of the Cozza Investment Group at Keller Williams Realty. "If the rest don't get built, that only helps us. Anything above \$500 a square foot is tough, and that's the price some of these other towers that haven't locked in their construction costs are going to face."

That is cold comfort to owners of downtown businesses — those, that is, still open — who are becoming increasingly critical of the city.

"I don't know how much longer I can hold on," said Betty Naughton, who owns an antiques store called Everything Old Is New Again. "There is absolutely no foot traffic. And without that, we can't last."

Another downtown retailer, Ron Killion, who owns a gift shop called Frog and the Fly, said his store was still open only because it is a hobby that he does not count on for income.

Compared with how downtown looked seven years ago, when he first opened, things have improved markedly, he said. But Mr. Killion is concerned about a new grocery store and retail center just outside the historical area, behind one of the largest waterfront condo projects on the river. He believes this new retail center will pull what few shoppers there are away from the historical district.

"They should have built a grocery store downtown five years ago," he said. "I live downtown, and there's nowhere to get groceries."

Mr. Paight of the downtown redevelopment agency said: "We had to focus on the bigger picture. Residential development had to come first. I do feel badly for the retailers who are struggling, but there's only so much we can do. And there are some stores downtown that are doing well."

One downtown developer, Dominik Goertz, remains optimistic. He has been buying historical buildings and rehabilitating them since 1997, nine of them to date, using tax credits and partial tax abatements. He has sold some space as residential and commercial condos; other space he has kept as rentals, which he said were fully leased.

"I'm not concerned about a lack of activity," Mr. Goertz said. "You can't compare it to a mall. Downtown is the best chance to have a healthy, local business community. The city is committed to that."

But planners and community advocates lament that the city has not done more to encourage downtown work force housing and retailing, as well as waterfront amenities for people who already live in Fort Myers.

"The city has approved all these condo units on the river and didn't pay any attention to the other pieces of the puzzle," said Marsa Detscher, an urban planning consultant who lives in Fort Myers but works outside the area.

"I'm not anti-growth, but you can't redevelop a city based on high-rise towers alone," Ms. Detscher said. "Even if they do get built, those residents don't live here year-round and don't demand services. They don't vote and don't participate in civic life. Downtown is not going to benefit much from that."