

Regular
Meeting
12/5/2017
M-28 R-4
Provided
by
James
Morlock

My name is Jim Morlock. I live at 3037 Harbor Drive near Bahia Mar and have lived on the Barrier Island since moving to Fort Lauderdale in 1998.

I am also here representing Bahia Vista Club Inc., a Residential Cooperative, and I therefore am requesting five minutes.

I want to address:

1. the current condition of the Barrier Island's real estate market;
2. the real estate trends on the Barrier Island;
3. the negative impact of Lessee's proposal on the Barrier Island's property values;
4. the Lessee's negligence by its violations of the Bahia Mar Lease;
5. implications of violating a Lease that doesn't allow residential development;
6. potential legal action for injunctive relief.

My qualifications are:

- economics degrees from Michigan State University and the University of Wisconsin in quantitative market analysis.
- law degree from the University of Maryland with background in urban policy and economic development.
- executive staff to two Mayors of Baltimore City from 1971 to 1982 where I directed planning and implementation of manpower and economic development programs.
- participated in the creation of Baltimore's Inner Harbor, regarded as one of the top ten waterfront developments in the US.
- waterfront real estate business in Annapolis between 1986 and 1998 before coming to Fort Lauderdale.
- Broker/Owner Of Fidelity Real Estate with offices in Las Olas with sales of over 500 homes and condos including over 8 Miles of waterfront.

The Barrier Island Real Estate Market

(All market references pertain to the Barrier Island between 17th Street and Sunrise Boulevard.)

On the Barrier Island, there is a growing imbalance between condo real estate supply and demand. Apartment supply is growing at an increasing rate and demand is shrinking.

It is irresponsible to be proposing more apartments/condos on the Barrier Island given the trends described below.

The market for condos and rental units has been in decline for the last five years.

These negative trends have occurred in spite of an improving economy and healthy housing market.

The number of yearly condo sales recovered following the 2008-2009 crash, peaking in 2013 when 189 units sold. Since then, the number of condos sold has declined every year through 2017 when only 120 units sold. This is a 41% decline over the last four years following the peak year.

The price per square foot in the last two years averaged \$384 which was still slightly less than the pre crash 2006-2008 period of \$392 per square foot.

This is disturbing. In the last two years condo prices have declined. The average price per square foot dropped from \$406 psf in 2016 to \$364 psf in 2017.

The corresponding days on the market rose from 94 days in 2016 to 114 days in 2017 reflecting the struggling beach real estate market.

As of yesterday, there were 176 condos for sale that have already been on the market an average of 100 days at an average list price of \$502.

The number of units rented and for rent are rising slightly. It is less expensive to rent than to own because of the increases in monthly maintenance fees, taxes and insurance. Owners rent if they cannot sell. More Bahia Mar rental apartments and condos will depress existing property values.

Summary:

Unit sales are dropping the last 5 years

Sales prices are the same as 10 years ago

Sales prices are less this year than last year

Condos taking longer to sell this year than last year.

176 condos are for sale which is a 16.5 month inventory.

The Barrier Island real estate market is struggling in spite of record low unemployment rates and record stock markets and corporate earnings

For the reasons, look at anecdotal evidence from beach-area realtors and their customers who complain about the increased congestion, traffic, noise, utility disruptions and flooding from storms, concerns about rising sea levels, and increases in Insurance, taxes and maintenance costs. Proportionately fewer people are moving to the beach.

The Bahia Mar Lessee proposes to add 651 residential units to a market that is already out of balance.

What Market studies has the Lessee conducted that justify their proposals?

(Why do Citizens have to make a case against the Project when the Lessee has not done any homework to justify their poorly conceived proposals)

The Lessee's Proposal will worsen the real estate market imbalance and undermine the valuations of the existing property on the barrier island. This will create a double barrel impact:

- 1. adding to already excessive housing supply;**
- 2. adding to the negative factors such as traffic congestion that are driving residents from the barrier island and reducing demand**

The Bahia Mar Lease and the Case Against Apartment Development

In reviewing the Lease, we can only conclude that the City Commission has irresponsibly abdicated it's duty to effectively oversee and enforce the Bahia Mar Lease by allowing the Lessee to step into the role of "Developer" when the only role the Lease contemplates for the Lessee is that of "Operator".

Furthermore, the Lessee, by usurping the City's legal role as "Owner and Developer", may be in breach of contract of the Lease by, in effect, "throwing the baby out with the bath water".

The Lessee may have failed to demonstrate its skill and competence to operate Bahia Mar according to the Lease requirements.

The Lessee's development proposal, in itself, subjects the Bahia Mar assets to a level of risk not contemplated in the Lease by jeopardizing the existing revenue streams.

Has the Lessee produced adequate reporting and benchmarking mechanisms to evaluate its current performance?.

Has Lessee forecast future performance and risks under the 10 year or longer development plan?

Has Lessee developed economic models of future revenue streams from Leased assets and forecast supply and demand for new condos or rental apartments at Bahia Mar?

Has Lessee provided estimates of the cost of construction and maintenance of the site improvements?

Has Lessee provided any estimates of the potential Rental or Sales revenue of the residential units and commercial space?

Without the above information how can the project's economic viability be evaluated?

Finally, without this data the Lessee cannot demonstrate its own financial capability to shoulder the cost and risks associated with this development.

The risks of failure of this project are on the shoulders of the Lessor and the City's taxpayers, not the Lessee.

Moreover, if the project is a failure, the Public's existing revenue generating assets will have been destroyed or severely disabled in the process causing IRREPARABLE HARM.

Bahia Mar is not a distressed property. It is unlike distressed, public owned urban waterfront developments, such as Baltimore's Inner Harbor and Washington's SW District Wharf, which were in decay or ruin, and generate zero economic value.

Bahia Mar is not only already economically viable, it is the iconic engine for our local multi-billion dollar marine and tourism industry which creates thousands of small businesses and hundreds of thousands of good paying local jobs. It should not be messed with.

Two developments this year will make Bahia Mar even more important as a marine center:

- 1. the dredging of the channel for super yachts from Port Everglades to Bahia Mar, and;**
- 2. the designation of Bahia Mar as a free trade zone for marketing of luxury yachts.**

These are examples of how to maximize revenue that the Lease contemplates not more apartments.

Condos, apartments and supermarkets can be built anywhere. But there are limited options for homes for yachts.

In other words:

"If it ain't broke don't fix it".

Potential Litigation

If this proposal is approved there is a large class of potential claimants who are property owners on the beach who will have a cause of action and the grounds for obtaining an injunction against the Lessee's development proposal.

This proposal will clearly cause irreparable harm to the public and to individual property owners and taxpayers for which there is no other remedy. It is quite obvious from the clear wording of the Lease, leaves no room to permit apartment/condo development and an action against the Lessee would prevail.

For these reasons Lessee's proposal must be rejected.

 Market Analysis
Status: Active (176)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	0	1	532	\$116,000	\$144.10	-	-	4	-
Max	6	5	5987	\$9,999,000	\$1,856.26	-	-	1205	-
Avg	2.017045	2.017045	1842.361445	\$1,186,225	\$555.27	-	-	175.147727	-
Median	2	2	1500	\$787,500	\$502.47	-	-	100	-

Criteria:

Property Type is one of 'Single Family', 'Condo/Co-Op/Villa/Townhouse'

Status is 'Active'

Property Type is 'Condo/Co-Op/Villa/Townhouse'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Closed Sale (128)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	0	1	430	\$47,000	\$147.83	350	0.3022	0	0.00095
Max	5	6	6036	\$4,295,000	\$1,279.07	4000000	1162.7907	997	1.01064
Avg	1.921875	1.898437	1490.783333	\$656,917	\$426.01	599259.84375	389.1980887931	142.414062	0.9138521875
Median	2	2	1362	\$547,000	\$396.96	500000	363.9376	114	0.93798

Criteria:

Property Type is one of 'Single Family', 'Condo/Co-Op/Villa/Townhouse'

Status is 'Closed Sale'

Status Contractual Search Date is 12/01/2016 to 11/30/2017

Property Type is 'Condo/Co-Op/Villa/Townhouse'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Closed Sale (143)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	0	1	0	\$82,000	\$95.96	82000	86.8687	2	0.66834
Max	5	5	11447	\$5,499,900	\$1,687.68	5095000	1592.8	821	1.7037
Avg	2.027972	1.930069	1698.759124	\$798,474	\$440.68	743167.73188811	413.1766359375	140.587412	0.93473356643
Median	2	2	1500	\$629,000	\$428.46	600000	406.12345	94	0.94142

Criteria: Property Type is one of 'Single Family', 'Condo/Co-Op/Villa/Townhouse'

Status is 'Closed Sale'

Status Contractual Search Date is 12/01/2015 to 11/30/2016

Property Type is 'Condo/Co-Op/Villa/Townhouse'

County is 'Broward County'

Area is '3170'

Search Time: 0.48s

 Market Analysis
Status: Closed Sale (153)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	0	1	0	\$109,900	\$147.26	100000	136.709	0	0.73529
Max	4	5	5695	\$5,890,000	\$1,768.66	5450000	1556.42	945	1.001
Avg	1.93464	1.947712	1598.927631	\$876,123	\$461.02	802868.31372549	423.0680350746	156.928104	0.92536516339
Median	2	2	1435	\$650,000	\$420.12	609000	393.6375	126	0.93103

Criteria: Property Type is one of 'Single Family', 'Condo/Co-Op/Villa/Townhouse'

Status is 'Closed Sale'

Status Contractual Search Date is 12/01/2014 to 11/30/2015

Property Type is 'Condo/Co-Op/Villa/Townhouse'

County is 'Broward County'

Area is '3170'

Search Time: 0.33s

 Market Analysis
Status: Closed Sale (171)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	0	1	0	\$89,500	\$.00	80000	0	1	0.7383
Max	5	5	7115	\$3,995,000	\$1,349.66	3750000	1266.892	985	1.10463
Avg	2.005847	2.011695	1541.048192	\$781,272	\$407.84	723191.49707602	379.0732229729	152.438596	0.93610029239
Median	2	2	1390	\$539,900	\$399.97	518000	372.915	112	0.9415

Criteria:

Property Type is one of 'Single Family', 'Condo/Co-Op/Villa/Townhouse'

Status is 'Closed Sale'

Status Contractual Search Date is 12/01/2013 to 11/30/2014

Property Type is 'Condo/Co-Op/Villa/Townhouse'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Closed Sale (189)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	0	1	0	\$80,000	\$.00	70000	0	0	0.601
Max	3	4	5269	\$4,500,000	\$1,238.31	4200000	1155.751	1295	1.04348
Avg	2.021164	2.026455	1628.901098	\$691,310	\$364.84	625920.1058201	328.6192931034	199.079365	0.92181169312
Median	2	2	1475	\$499,000	\$345.69	461000	318.945	132	0.93165

Criteria:

Property Type is one of 'Single Family', 'Condo/Co-Op/Villa/Townhouse'

Status is 'Closed Sale'

Status Contractual Search Date is 12/01/2012 to 11/30/2013

Property Type is 'Condo/Co-Op/Villa/Townhouse'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Closed Sale (156)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	0	1	0	\$79,900	\$.00	72250	97.5	5	0.73643
Max	3	4	4059	\$2,950,000	\$1,069.52	2400000	980.392	1737	1.2
Avg	1.923076	1.916666	1398.470198	\$572,260	\$334.35	520466.16666666	308.8846285714	239.160256	0.91868794871
Median	2	2	1297	\$464,000	\$323.48	400000	304.641	147	0.91746

Criteria:

Property Type is one of 'Single Family', 'Condo/Co-Op/Villa/Townhouse'

Status is 'Closed Sale'

Status Contractual Search Date is 12/01/2011 to 11/30/2012

Property Type is 'Condo/Co-Op/Villa/Townhouse'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Closed Sale (163)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	0	1	0	\$34,900	\$61.49	38000	49.6894	9	0.55
Max	4	5	7013	\$7,000,000	\$1,144.44	3850000	982.6361	1082	1.47232
Avg	1.993865	2.006134	1327.913333	\$595,652	\$314.03	503287.64417177	272.9886910714	223.288343	0.88864742331
Median	2	2	1227	\$429,000	\$295.23	380000	270.25695	156	0.89385

Criteria:

Property Type is one of 'Single Family', 'Condo/Co-Op/Villa/Townhouse'

Status is 'Closed Sale'

Status Contractual Search Date is 12/01/2010 to 11/30/2011

Property Type is 'Condo/Co-Op/Villa/Townhouse'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Closed Sale (142)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	0	1	0	\$62,000	\$91.97	57000	91.9708	0	0.64151
Max	4	4	7115	\$4,995,000	\$891.56	4000000	838.4572	1077	1.0346
Avg	2.035211	2.06338	1410.196721	\$711,373	\$343.24	609228.9084507	298.7958850574	231.246478	0.87895295774
Median	2	2	1268	\$549,000	\$332.35	450000	302.9411	159	0.888255

Criteria:

Property Type is one of 'Single Family', 'Condo/Co-Op/Villa/Townhouse'

Status is 'Closed Sale'

Status Contractual Search Date is 12/01/2009 to 11/30/2010

Property Type is 'Condo/Co-Op/Villa/Townhouse'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Closed Sale (106)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	1	1	0	\$84,900	\$123.94	84900	123.9416	4	0.45833
Max	7	6	10018	\$15,000,000	\$1,497.30	6875000	692.5207	1434	1.00122
Avg	2.26415	2.179245	1688.367346	\$867,729	\$391.93	671691.50943396	323.1962337349	267.801886	0.86111688679
Median	2	2	1707	\$590,450	\$352.02	517500	306.0413	178	0.88552

Criteria:

Property Type is one of 'Single Family', 'Condo/Co-Op/Villa/Townhouse'

Status is 'Closed Sale'

Status Contractual Search Date is 12/01/2008 to 11/30/2009

Property Type is 'Condo/Co-Op/Villa/Townhouse'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Closed Sale (114)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	0	1	0	\$109,000	\$163.22	70000	140	0	0.6422
Max	4	4	4466	\$3,800,000	\$5,886.70	3800000	5911.33	818	1.03077
Avg	2.105263	2.149122	1614.654205	\$936,296	\$536.66	832777.2368421	486.9113966292	194.245614	0.89282035087
Median	2	2	1641	\$667,000	\$444.24	612500	393.7007	149	0.905865

Criteria:

Property Type is one of 'Single Family', 'Condo/Co-Op/Villa/Townhouse'

Status is 'Closed Sale'

Status Contractual Search Date is 12/01/2007 to 11/30/2008

Property Type is 'Condo/Co-Op/Villa/Townhouse'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Closed Sale (89)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	0	1	0	\$140,000	\$172.84	139000	134.6153	9	0.52885
Max	5	6	4250	\$4,446,000	\$1,250.28	3700000	1040.4949	972	1.04566
Avg	2.123595	2.089887	1347.225	\$850,158	\$435.72	743415.50561797	394.3529290322	200.561797	0.89750696629
Median	2	2	1300	\$599,000	\$408.57	537394	382.90905	168	0.91481

Criteria:

Property Type is one of 'Single Family', 'Condo/Co-Op/Villa/Townhouse'

Status is 'Closed Sale'

Status Contractual Search Date is 12/01/2006 to 11/30/2007

Property Type is 'Condo/Co-Op/Villa/Townhouse'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Closed Sale (71)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	0	1	0	\$209,000	\$291.11	200000	243.6053	17	0.76982
Max	4	4	5270	\$4,000,000	\$759.01	3450000	718.4829	408	1.46699
Avg	1.928571	1.816901	1382.428571	\$780,090	\$456.66	718902.39436619	422.10371	147.929577	0.93532732394
Median	2	2	1285	\$620,000	\$444.53	600000	400.32235	123	0.94142

Criteria:

Property Type is one of 'Single Family', 'Condo/Co-Op/Villa/Townhouse'

Status is 'Closed Sale'

Status Contractual Search Date is 12/01/2005 to 11/30/2006

Property Type is 'Condo/Co-Op/Villa/Townhouse'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Active (30)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	0	1	100	\$1,150	\$1.57	-	-	0	-
Max	3	4	4936	\$20,000	\$22.00	-	-	768	-
Avg	1.9	1.9	1747.275862	\$5,533	\$3.57	-	-	86.666666	-
Median	2	2	1500	\$4,250	\$2.82	-	-	37	-

Criteria:

Property Type is 'Residential Rental'

Status is 'Active'

Type of Property is 'Condo'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Rented (106)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	1	1	0	\$1,185	\$1.39	1200	1.3923	5	0.76667
Max	3	4	3488	\$15,000	\$7.14	13000	6.1875	675	2.6
Avg	1.830188	1.773584	1340.45098	\$3,284	\$2.33	3301.13207547	2.2895418367	114.792452	0.9981595283
Median	2	2	1273	\$2,950	\$2.14	2850	2.11025	81	1

Criteria:

Property Type is 'Residential Rental'

Status is 'Rented'

Status Contractual Search Date is 12/01/2016 to 11/30/2017

Type of Property is 'Condo'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Rented (99)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	1	1	0	\$1,100	\$.04	1100	1.2821	5	0.8
Max	4	4	5269	\$15,000	\$7.14	15000	7.139	336	1.72152
Avg	1.80808	1.747474	1336.144329	\$3,418	\$2.40	3390.08414141	2.400872043	91.050505	0.99183626262
Median	2	2	1264	\$2,900	\$2.15	2850	2.1176	77	1

Criteria:

Property Type is 'Residential Rental'

Status is 'Rented'

Status Contractual Search Date is 12/01/2015 to 11/30/2016

Type of Property is 'Condo'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Rented (96)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	1	1	0	\$1,150	\$.00	1100	0	8	0.78082
Max	3	4	3210	\$22,500	\$7.96	22500	7.959	1358	1.25
Avg	1.833333	1.802083	1207.610526	\$3,359	\$2.22	3255.10416666	2.1795238095	90	0.97515302083
Median	2	2	1258	\$2,700	\$2.01	2700	1.9345	58	1

Criteria:

Property Type is 'Residential Rental'

Status is 'Rented'

Status Contractual Search Date is 12/01/2014 to 11/30/2015

Type of Property is 'Condo'

County is 'Broward County'

Area is '3170'

 Market Analysis
Status: Rented (76)

	#BEDS	#FB	LA	LP\$	LP\$/SqFt	SP\$	SP\$/SqFt	DOM	SP\$/LP\$
Min	1	1	0	\$995	\$.00	995	0	0	0.83333
Max	4	4	4320	\$13,000	\$3.54	11500	3.622	536	1.16883
Avg	1.736842	1.671052	1088.486842	\$3,028	\$1.92	2964.92105263	1.890852459	76.144736	0.98459671052
Median	2	2	1128	\$2,400	\$1.90	2400	1.887	57	1

Criteria:

Property Type is 'Residential Rental'

Status is 'Rented'

Status Contractual Search Date is 12/01/2013 to 11/30/2014

Type of Property is 'Condo'

County is 'Broward County'

Area is '3170'