

Coastal Real Estate News

Mixed-use coming to west St. Augustine

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ST. AUGUSTINE -- With a \$250 million project featuring \$1.2 million condominiums and a hotel leading the way, the west entrance to St. Augustine's historic Downtown has begun a transformation.

"I think it will be a new destination in the Downtown area," Mark Knight, planning and building director for the city of St. Augustine, said of the development taking place near U.S. Highway 1 and King Street.

Work has begun on Sebastian Inland Harbor, the largest of at least five proposed projects near that intersection. Wallace Devlin, CEO of The Devlin Group Inc., said completion of the first phase is about two years away on the 13.5-acre development just east of the intersection on King Street and the newly named San Sebastian Harbor Drive.

"It's going to change overnight," Devlin said of the area.

His company is negotiating to buy the property at the northwest corner of King Street and U.S. 1 with plans to build a shopping center that would include a spot for the current occupant, Broudy's Liquor Store and other businesses, Devlin said.

On another corner, a defunct fast-food restaurant was torn down and replaced with a sign announcing the future site of a Whetstone Chocolates facility. Whetstone, a family-owned company that started in St. Augustine in 1967, moved from a location on State Road 312, where it offered self-guided tours of the confection-making process that included a movie about chocolate.

The car wash on the southeast corner is being targeted as office space, Knight said.

"That makes the whole intersection brand new," Devlin said.

Just across the San Sebastian River from Devlin's project there are plans for Rivers Edge, a development that includes 99 condominiums, 10,000 square feet of commercial space, a 150-seat restaurant and a 50-slip marina. The city has granted several demolition permits to make way for the development but the project has not obtained final approval.

Five single-family homes, Oyster Creek Marina and Fran and Tam's Restaurant are among the buildings slated for demolition. "I think it's going to pick up property values and give a whole new look to that part of the city," Knight said.

One of the most important aspects of the riverfront projects will be the public walkways included in both Sebastian Inland Harbor and Rivers Edge plans, Knight said.

The Sebastian Inland Harbor project has been years in the making, with the city buying several parcels, starting in the 1980s, to piece together the site. Once an

industrial site where coal oil used for lamps was made, \$7 million was spent on environmental cleanup and the city began looking for a developer who would agree to provide aspects such as parking, convention space and commercial square footage.

Plans fell through with one developer in 2002. Then, two years ago, San Sebastian Harbor Partners of Ponte Vedra Beach developed a plan that pleased city officials and the property was sold for \$3.6 million.

That plan is being followed by Devlin, who started as a partner but ultimately bought all except one 15,000-square-foot building that is still owned by Harbor Partners, Devlin said. Numerous times he's asked to buy that property. "It would make sense," Devlin said.

Sebastian Inland Harbor will include an 85-room hotel, 60 condominiums and another 50 condos or hotel rooms near a 10,000-square-foot spa, Devlin said. A decision on those 50 units depends on market studies.

The development also includes a 65-slip marina, 18,000 square feet of retail, plans for two upscale restaurants, a 269-space parking garage and 8,000 square feet of convention space, he said.

Hoteliers have approached Devlin to buy the hotel, which will have room rates averaging \$260 a night, but he plans to run it himself.

Devlin is hoping to extend the project by moving a Florida Power & Light Co. substation at the south end of the property. This would allow another 60 condominiums to be added and potentially more marina slips. "I don't want to say how much, but I'll probably break even," he said of the number of units that can be added once the substation is moved, balanced with the cost of moving it.

Another \$250,000 in environmental cleanup is being done, said Scott Davis, vice president of development for The Devlin Group. "All of the uplands have been cleaned up. The only contamination that remains is in the river basin itself."

Once the contaminated soil is removed, The Devlin Group will spend \$800,000 to dredge the river, making the marina 14 feet deep.

"This is a very safe area with little tide," Davis said. Water height fluctuates two or three feet between tides. "It's very difficult to find a place to park your boat."

That is one of the aspects The Devlin Group believes will enable it to command a \$1.2 million selling price for the 2,300-square-foot condominiums, Davis said.

"Our demographic is the wealthy individual who maybe isn't living here full time yet," he said. "We're absolutely creating the market."

Construction on the condominiums will begin in October with a 20-month construction schedule planned, Davis said.

"We have over 2,000 reservations just for the condos," Devlin said.

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