

Pompano rentals planned [Sun Sentinel]

Sept. 03, 2012--The land has been vacant for five years, ever since the remaining residents packed up and the Bali-Hi Mobile Home Park closed for good.

McLean, Va.-based JAG-Star Development Co. last month paid \$6 million in cash for the 9-acre tract along Federal Highway in Pompano Beach, and is in the early stages of planning a 240-unit apartment complex. Construction is expected to begin next year.

"We like the location near the beach, and it's real convenient to the employment centers of Boca Raton and Fort Lauderdale," said Michael Mulhall, a partner in the development. "We think there's demand for this in that area of northeast Broward."

In October 2005, Hurricane Wilma pummeled the 52-year-old Bali-Hi. It fell into disrepair, and the owner said he couldn't afford to make the necessary renovations.

The site, north of Copans Road at 4009-4011 N. Federal Highway, was expected to become a 55-and-over community, but the economic downturn shelved those plans, and the tract eventually fell into foreclosure, said Dennis Palumbo, a local real estate agent. He brokered the sale between JAG-Star and lender Lighthouse Capital Funding.

The apartment complex will help revitalize the area, Palumbo said. Also planned nearby are a Whole Foods Market, a Neighborhood Market by Wal-Mart Stores Inc., and a PNC regional banking center.

"You drive up and down Federal Highway in Pompano Beach and Lighthouse Point, and there's a lot of commercial properties for sale or lease," Palumbo said. "Suddenly over the last eight months or so, we've got four or five new projects on the drawing board or under construction. This area seems to be reinvigorated, and I think that's a really good thing."

JAG-Star is not ready to announce the rental rates for the apartment complex, but Mulhall said it will be a luxury community with a pool, fitness center and other amenities.

JAG-Star is a joint venture of Jefferson Apartment Group and Starwood Capital Group. The two companies also are teaming up on a 250-unit rental development at the Monterra development in Cooper City.

South Florida is in the midst of an apartment building boom, with about 50 projects planned for Miami-Dade, Broward and Palm Beach counties, according to McCabe Research & Consulting in Deerfield Beach.

The Related Group, of Miami, is building a 26-story project in downtown Fort Lauderdale along Riverwalk. Dallas-based Behringer Harvard said last month it will build 180 luxury units near downtown Delray Beach. Other projects are planned for Boynton Beach, Boca Raton, Coconut Creek and Pembroke Pines.

Nearly a decade ago, developers converted thousands of rentals into condominiums to satisfy demand during the housing boom. Little new construction occurred once the recession hit.

But with the economy improving and the rental market thriving, developers are turning back to apartments, prompting some analysts to wonder about overbuilding. But Ken H. Johnson, an economist at Florida International University, said he isn't worried.

"I expect there's a lot of confidence out there, and it's justified because rents are rising," Johnson said.