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## Beachside boom town

**Developers are putting a skyline on Clearwater Beach, and turning up the luxury on what has been a blue-collar destination for decades.**

By AARON SHAROCKMAN  
Published March 27, 2005

Look what's coming to Clearwater Beach.

A \$140-million resort called the Sandpearl will have a lobby paved in limestone, 38 boat slips in a nearby marina and a members-only beach club. Its nine-story hotel will have 251 rooms with nightly rates topping \$200. Next door, a companion luxury condo tower will top out at 15 stories.



[Times file photo]

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Just a half-mile away, two new resorts will each climb to 150 feet and bring 600 hotel rooms. One will be a Hyatt. The other, built by Dr. Kiran Patel of Tampa, will be larger than the St. Pete Times Forum.

Related graphic:  
[Beach Walk – a major makeover](#) (Dec. 5, 2004)

With terraced facades and suites opening onto balconies, the two hotels also will have elaborate outdoor pool decks, both on the fifth floor. Their elevated lobbies will connect to the beach by pedestrian bridges vaulting over the street below.

The neighboring resorts - combined value, \$200-million - will be separated by a city street 50 feet wide. End to end, the two projects will stretch the length of three football fields and replace five motels.

And there's more.

Another resort, called Entrada, will gobble up the former Ramada Inn and add a new 13-story condo/hotel to the skyline. Total value, \$100-million.

The waterfront Quality Inn is in its last days. A \$50-million hotel is planned.

In all, \$1-billion in condo and resort construction is either under way or coming in the next five years, bringing 1,183 new hotel rooms to 1.4 miles of gulf front. An additional 1,100 condos will be built on the island, more than half in 14- or 15-story towers.

The surge in private sector investment and new hotel rooms is unmatched on other

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Pinellas beaches and comes as the city of Clearwater plows \$92-million in taxpayer money into a series of beach improvements, crowned by a \$16.2-million promenade called Beach Walk.

But as the developers grin, others worry.

Will views be wiped out?

Is it happening too fast?

Will the decades-old blue-collar tourist destination still be affordable?

\* \* \*

Avi Yofan got up before 5 that spring morning in 2000, thinking it would be early enough. It was, but just barely.

He got one of the last units in what would be the first high-rise condo project on Clearwater Beach in 25 years. The Mandalay Beach Club offered 156 units in two 15-story towers. Yofan snapped up a fifth-floor unit. Price: \$535,000.

St. Petersburg developer Michael Cheezem, who had built condos on Sand Key, turned his gaze in 1999 to Clearwater Beach, specifically a pair of past-their-prime motels smack dab on the sand.

The Flamingo and Angler - total 55 units - had mismatched patio furniture, but a fabulous view.

Cheezem bought the motels and surrounding property, giving him 350 feet of beachfront. Delighted a developer was stepping forward, Clearwater allowed Cheezem to build 50 feet higher than code allowed. The city also spent \$2.5-million sprucing up nearby Mandalay Avenue.

Cheezem's first units were ready for occupancy in March 2002. Yofan flipped his condo eight weeks later, before making one mortgage payment. New price, \$810,000.

Now, the retired designer of furniture accessories who never before invested in real estate, owns three units there and eight more at Belle Harbor, a 200-condo project across the street.

Started in August 2002, Belle Harbor's first owners are just now moving in. Cheezem also is a development partner.

"Nobody will believe how strong the market is on Clearwater Beach unless they see the numbers," said Yofan. "That's the proof."

Mandalay Beach Club's first buyers paid an average \$500,000 for a unit, but got \$750,000, on average, when they resold. In the past year, several units resold for more than \$1-million.

Eighty-nine of the 156 units have flipped at least once; 50 sellers made at least \$200,000.

A fifth-floor condo bought for \$510,000 resold after seven months for \$780,000. Within two years, it sold again for \$1.25-million.

"On the beach, you're looking at 20 percent (gain in value) a year," said Arden Engebretsen, 73, owner of a 14th-floor penthouse. The retired executive also spent \$754,000 on a Belle Harbor condo, which will sit empty until he's ready to sell.

"The basic direction," he said, "is going up, up, up."

Cheezem's project revealed an eager market for \$500,000 condos on a beach accustomed to \$50 a night motels and \$2.99 breakfasts.

The boom was on.

Since Mandalay Beach Club opened three years ago, more than 30 residential and resort projects have been marketed on the boomerang-shaped beach. Hulking resorts and condo high-rises will dominate the gulf front. Townhomes, most two- and three-stories, will line the island's backside, overlooking Clearwater Harbor.

The club of developers includes builders of upscale projects around Florida. Cheezem, though, is the most aggressive on Clearwater Beach.

He and his partners will build 626 condos and 251 hotel rooms in less than 10 years. Total value: \$458-million.

"You can't undervalue what Mike Cheezem did for the beach," said Charlie Siemon, a Boca Raton consultant who wrote Clearwater Beach's redevelopment program. "What he built was first-order quality and it showed that Clearwater Beach was ready, that it was a place to do business."

His Sandpearl, spread over 6 acres, will replace the Clearwater Beach Hotel, a landmark dating to 1915. The Sandpearl's 120 condos will sell for \$400,000 to \$1.5-million, with penthouses costing even more.

"So many people have an affinity for Clearwater Beach, they have been coming back for generations," said Cheezem, 51, president of JMC Communities. "There is a basic underlying interest in the place. It's just a matter of providing the right product."

A short walk down the beach, Patel's 350-room resort will be topped by 75 condos and possibly a helipad. A Tampa cardiologist who turned a small HMO into a \$1-billion business before selling in 2002, Patel paid a jaw-dropping \$40-million last fall for three adjacent beachfront motels - a scruffy Days Inn; the Spyglass, where balconies are patched with chicken wire; and the Beach Towers with its gaudy blue cupolas that look like beanies. The previous owner spent just \$11-million assembling the three acres.

Dimensions of the \$100-million resort are sweeping: 500 feet wide, 150 feet tall, 757,000 square feet of interior space. It's so big, city planners proposed rejecting it. But the City Council approved the hotel on a 3-2 vote, wanting more rooms in the tourist core.

Patel told the Times he hopes to deliver Tampa Bay's first five-diamond resort and only the 10th in the state.

"Anything that we do there has to have some return on investment," said Patel. "But . . . unlike other developers, perhaps, I don't need to make a bundle."

Developers of the next door Hyatt promise a high-end restaurant on the ground floor. Neil Rauenhorst, president of NJR Development of Tampa, paid \$18.5-million last month for the property and rights to build the project - \$2-million more than the property fetched four months earlier.

"This may end up being one of the most attractive beaches in the United States," said Rauenhorst. "It'll be completely different. People are just starting to perceive the potential."

The two hotels' 600 rooms will be sold like a time-share, with owner stays limited to 30 days a year. The units will be marketed as hotel rooms the other 11 months; owners get a cut of nightly rates.

In the Ramada Inn further south, yet another developer will create 100 suites and 89 regular rooms. A 13-story high-rise with 52 hotel rooms and 38 condos will rise in an adjacent parking lot.

Developer Jeff Keierleber, who splits time between between Wisconsin and Clearwater, paid \$13-million last year for the nearly five-acre site.

Across the street, the same group working to bring Trump Tower to Tampa is building the 55-unit Harborview Grande condos, which have been sold out for months, said Mike O'Hara of the development group calling itself SimDag.

Other developers won city approval Tuesday to replace a nearby Quality Inn with a condo-hotel 100 feet tall.

And at the tip of the strip, Cheezem will demolish a Holiday Inn for two 75-unit condo towers.

Following the curve of the boomerang, from Cheezem's Sandpearl south to the Holiday Inn, five massive resorts plus three condo towers will be built - all 100 feet and taller. Add to that the four 150-foot buildings at Mandalay Beach Club and Belle Harbor.

"It's almost impossible to find the land you need now," Keierleber said. "And if you can, the prices are almost rising by the hour."

\* \* \*

Clearwater Beach's roundabout piled up cars and bad publicity when it opened five years ago. But for developers, it was a starter's pistol.

The city also was committing millions of dollars to other public improvements designed to make beach visits more enjoyable.

The unfinished \$63.9-million Clearwater Memorial Causeway bridge already flexes over Clearwater Harbor. Delayed by nagging repairs, it's scheduled to open in September.

The \$2.5-million upgrade to Mandalay Avenue helped lure condos and an Outback Steakhouse.

And the centerpiece, the \$16.2-million Beach Walk, will bring a lushly landscaped walkway to an unremarkable strip of coastal road south of the roundabout.

To open in fall 2008, Beach Walk will be a half mile long and dotted with plazas, courtyards, benches and public art. Snaking along the beachfront, strollers will pass the Hyatt, Patel's resort, shops and restaurants. The city hopes it becomes a major tourist draw.

"There's nobody else that can replicate that sunset," said Thomas O'Brien, president of AAA Auto Club South. "It's important the city leverage its greatest asset, its pure beauty."

Rauenhorst and Patel said they would not have gone ahead with their projects without the city spending. Clearwater's new, easy-to-follow beach redevelopment program was also a must, they said.

Called Beach By Design, it divides the beach into distinct redevelopment districts. On the gulf front, it lets hotel developers build bigger than previously allowed, a strategy to assure rooms for tourists. Three projects - the Hyatt, Patel's resort and Cheezem's Sandpearl - grabbed an additional 600 hotel rooms through Beach by Design.

\* \* \*

At Alex's, an aging diner on one of the island's back streets, Earl Jones chooses the \$7.95 all-you-can-eat fried fish platter. For 20 years, he and his wife, Judy, have traveled to Clearwater Beach from Kentucky.

Not anymore. Alex's sold late last year to a townhouse developer. Many of the other beach spots the Joneses know so well await the same fate.

"I know these old rummy places need to be redone," said Jones, 62. "I'm afraid they're going to influence it so much it's not going to be a unique place anymore. We don't need another Fort Lauderdale or Key West."

Jones thinks he'll just stop in St. Augustine, where beach buildings can't be taller than 35 feet.

That's the kind of decision that worries people in City Hall and in Clearwater Beach's pizza joints, its tour boats and T-shirt shops. No one wants another Sand Key - the barrier island south of Clearwater Beach where condo towers block water views.

Intending to prevent that, the city drew lines in the sand: No more than two buildings over 10 stories are allowed within 500 feet of each other. Tiered high rises are preferred. Box-towers are forbidden.

Balancing the surge in condos with sufficient lodging also is critical.

"We wanted Clearwater Beach to develop by design instead of default," said City Manager Bill Horne. "The worst fear on Clearwater Beach was it would turn into Sand Key."

\* \* \*

At almost 14,000 square feet, the penthouse atop Jeff Keierleber's 13-story waterfront Entrada will be twice the size of any other Pinellas condo. With seven bedrooms, it will be bigger than many of the beach motels that drew tourists for generations.

At the Blue Jay Motel (9,000 square feet) on Brightwater Drive, owner Stanley Kulach isn't surprised when told his 19 units are smaller than one condo.

"I believe it," he says, matter of factly.

New townhomes built to resemble Italian villas now line his street.

"I'm not going to fit into the neighborhood anymore," Kulach says. "The people that come to Clearwater Beach, they'll want four-star places. I can't give it to them."

He will sell out this year, he says, to a townhome builder.

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