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Disasters, rising land values compel growers to sell groves

BY SUSAN SALISBURY

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When the barbed-wire fences go up around a citrus grove and cattle are brought in to graze, then you'll know.

You'll know that the grove has been sold to a developer, and that the developer is simply waiting for the right moment to move forward, brokers say.

For the famed Indian River grapefruit region, that moment is going to come sooner than anybody expected.

"The storms and the canker accelerate the whole question of whether the citrus industry will remain a viable economic return for South Florida farmers," said Jerry James, a longtime St. Lucie County resident and retired real estate attorney turned developer.

Rick Minton, a former Democratic state representative from Fort Pierce and a member of one of the oldest citrus-growing families in the area, puts it more bluntly. "You may be seeing the end of a great industry in Florida," said Minton, who is now president of Minton Realty. "They may have to burn every tree in the whole state."

Those are real estate businessmen talking, so it could be argued that their perspective conforms to their hoped-for reality.

Mickey Umphrey, chief deputy appraiser in the Indian River County Property Appraiser's Office, said when it comes to land sales, the talk isn't just hype.

'CRAZY' PRICES

"Land is selling at crazy rates and numbers around here, more like the Palm Beach County prices," Umphrey said. "We have stuff selling for \$30,000, \$40,000 or \$50,000 an acre that used to be \$7,000 to \$8,000 three or four years ago."

But many of the growers are right at home with a development take on things.

That's because many of them are developers, too.

"I think attrition to development will happen faster than any canker," said C.C. "Chris" Hopkins, operations manager at MBK Masters, a Fort Pierce-based fruit shipper and packer. "I don't feel bad for any grower who sells out."

Examples of growers who operate real estate companies as well include A. Duda & Sons, one of the nation's largest growers, with citrus, vegetable and other holdings in Florida. Since the 1980s, its real estate arm, The Viera Co., has been developing the town of Viera, a 9,000-acre master-planned community in Brevard County.

Blue Goose Growers in Fort Pierce, which has been in the grove management business for more than 50 years, began Blue Goose Realty in 2001. Blue Goose Realty specializes in marketing citrus groves and is involved in the management, sale and listing of many properties throughout Florida ranging from 20 acres to several thousand acres.

And then there's Mecca, the grower whose last orange grove, Mecca Farms in northwestern Palm Beach County, is the favored home for The Scripps Research Institute.

Before Mecca Farms was ever linked to plans for Scripps, the company's real estate arm, Smigiel Partners, had bought more than 1,000 acres of citrus groves and farms in St. Lucie and Indian River counties. Smigiel Partners has been buying and selling land since 1986, including sites for more than 10 residential developments from Broward to Indian River counties, such as Water's Edge in Vero Beach.

"A year ago people were selling citrus groves for \$25,000 an acre. That was twice what they expected. Now people are getting twice that," Minton said.

"A 100-acre grove worth \$1 million 10 or 12 years ago, that same grove today is worth \$10 million to \$12 million," he said. "A lot of these people are elderly. It's their retirement. It's stupid to take the risk of continuing to farm and make a meager living versus taking \$10 million to \$12 million for retirement."

Over the past two years, agents say, the pressure on growers to sell their land for development has dramatically increased. Some say the current canker crisis is only going to accelerate that process.

CANKER SPREADS

St. Lucie and Indian River counties are the heart of the state's grapefruit-growing region. Until December, canker was undetected in the counties. The bacterial disease has been ravaging the state's citrus trees for the past 10 years.

But late that month, canker was discovered on trees in a residential neighborhood in Port St. Lucie. Soon after, it was found in a 27-acre commercial grove in Indian River County, and since then, eight more groves have seen the infection.

"It's very unnerving," said Courtney Forget, whose family has been in the citrus business in St. Lucie County since 1912. "We are sick to our stomachs about it."

State officials say three of the four hurricanes of 2004 spread the canker throughout the region, and two of them -- Frances and Jeanne -- blew about 80 percent of the grapefruit off the trees, essentially destroying the harvest season for local growers.

Phil Holden, a Palm Beach Gardens real estate appraiser, said the activity and price increases in land sales in St. Lucie and Indian River counties have been surprising, even to longtime observers.

"Nobody believes what is happening. The run-up in prices is unprecedented," Holden said. "There were very few people in the market, including landowners, ag people and Realtors, who really saw this coming."

FEWER CHOICES

Canker finds on the cheaper land west of I-95 have made moving to another parcel more difficult, in effect shrinking the choices, said John Luther, an Indian River Citrus League director who also is president of several grove-owning partnerships in St. Lucie County and Indian River counties.

Despite all the factors causing land prices to rise, some prefer to remain in agriculture, and specifically in citrus, though groves in canker-infected areas can be used to grow palm trees, sod, vegetables or nursery plants.

Cody Estes, president of Vero Beach-based Estes Citrus, last month planted new acres of grapefruit and tangerines on land west of Vero. He's hoping state officials will be able to wipe out the infection.

"The most important thing is that we find it all," he said.

Luther said his company's long-term goal is to stay in the citrus business, but that the canker finds are making it more difficult.

COMPLICATED BUSINESS

"It doesn't make sense to plant something if they did find canker next door to it," he said. ``It has made it a lot more complicated in how you stay in the business."

Observers say it's a business under siege from foreign competition, declining consumption and governmental regulations.

The days of the small grower who supported a family on 40 to 80 acres are over, says developer James. Only the larger growers such as Evans Properties and Becker Holding Co. will be able to survive, and then only by using some of their land for development, he said.

"They will eventually get into the real estate business themselves, in co-ventures or as developers themselves. You already see that," James said.

RAPID TURNOVER

Nick Constant, a broker in Fort Pierce, said properties in the region are changing hands quickly. Some estimate most of the properties are traded once or twice every four years.

"There's so much under contract that does not show up in the records, a tremendous amount of real estate activity," Constant said. ``That has saved some of these agricultural people fortunate enough to have property closer in. If it weren't for that, it would be a much bigger disaster."

But the growers are crying all the way to the bank, said James, the developer.

"The market has blessed them. I don't feel sorry for these guys," he said. ``What they grow on the land is going to hell in a hand basket. The good news is the market has quadrupled for them as far as value."