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# \$44M Construction Loan Targets Rising Demand for Luxury Homes in Delray Beach

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By **Melea VanOstrand** | August 04, 2021 at 07:59 AM | The original version of this story was published on **Daily Business Review**

A Philadelphia-based construction company has closed on a \$44 million loan from Madison Realty Capital to build on Ocean Boulevard in Delray Beach, as the demand for luxury residences and homes continues to climb in South Florida.

Construction will soon begin construction on a new luxury residential development on 1625 Ocean, according to president and CEO John Farina.

“Delray Beach is the hottest new destination for people from the Northeast who are coming to Palm Beach County,” Farina said. “I think you will continue to see high-end buyers choosing Delray over Boca Raton and even Palm Beach,” said Farina.

Both Miami-Dade and Palm Beach counties have exceeded an average of \$3 million in single-family luxury sales for the first two quarters of 2021, according to the recently released Keyes/Illustrated Luxury Report.

In Palm Beach County, there was a 202% jump in \$1 million and up single-family sales, thanks to New York-based corporate executives and finance moguls who want uber-luxury homes on the water.

And it's a similar story for condominiums, according to Keyes and Illustrated president and CEO Mike Pappas.



Mike Pappas, Keyes and Illustrated President and CEO. Courtesy photo

“Corporate relocation from New York and other high-tax states propelled South Florida’s luxury condo market,” Pappas said in a written statement. “Demand for new condos in Miami-Dade and its neighbors to the north should only intensify with the anticipated return of international buyers as travel restrictions ease. That is not to detract from the region’s luxury single-family market, which continued its strong run.”

Palm Beach Island is still the focal point for the county’s high-end market, with an average single-family sales price of \$11.69 million during the second quarter.

As Farina sees it, Delray Beach is an up-and-coming area for new South Florida residents.

“Delray Beach is incredibly unique in that there is a lack of available multi-unit parcels located on the beach, making it a premier destination,” Farina said. “The majority of the city’s beachfront is either the public beach or zoned for single-family homes, so our oceanfront development of 14 residences is pretty exclusive.”

## Limited oceanfront land

Ackman-Ziff, a boutique real estate capital advisory firm, managed the construction financing for the deal. IMI Worldwide Properties, the sales and marketing representative for 1625 Ocean, sold 40% of the project, with the average sales price at just over \$6 million. There are only nine available residences remaining.

“The availability of oceanfront land in South Florida right now is extremely limited,” said Dustin Salzano, CFO of U.S. Construction. “Our buyers understand what a truly unique opportunity this is to live on a private piece of the shoreline in a location like Delray Beach.”



1625 Ocean sits on 120 feet of private oceanfront and is located near Delray Beach’s famous Atlantic Avenue. Courtesy rendering.

The boutique-style development offers 14 oceanfront residences, including four penthouses and six privacy and semi-private

elevators for security for residents with prices ranging from \$3.9 million to \$7.5 million.

“This is the first step in bringing our world-class development to life and continuing to set a new standard for oceanfront living in Delray Beach and South Florida,” Farina said.

To make room for 1625 Ocean, the old Delray South Shore Club will be demolished over the next several weeks.

The units are named after famous musicians such as Bob Dylan, Billy Joel, Bruce Springsteen and Janis Joplin. The three and four-bedroom residences range from 3,500 to more than 5,000 square feet of indoor and outdoor living space. The penthouses include a glass terrace with every bedroom and a private plunge pool.

Amenities include a pool and poolside lounge suite with lockers, a fitness area and a biophilic garden. Residents will get two parking spots in the underground parking garage, with an electric charging station and golf cart parking.

The company hopes 1625 Ocean will be similar to Ocean Delray, another luxury development less than half a mile away that’s expected to be finished soon. Farina said the project is expected to be complete in December 2022.

U.S. Construction has luxury developments in a variety of places including Brooklyn, New York, Philadelphia, Pennsylvania and Palm Beach County.