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HAVENS | PANAMA CITY BEACH, FLA.

## A Vacation Town Tries to Take Off Its Blue Collar

By JULIA LAWLOR

LIKE a supermodel showing off her good side, Panama City Beach is not shy about flaunting its most valuable asset. “The World’s Most Beautiful Beaches,” boasts the sign at the end of Hathaway Bridge, which leads into the city.

But anyone driving through this resort on the Florida Panhandle can’t fail to notice the honky-tonk strip on the main drag, Thomas Drive: video arcades, body piercing shops, tattoo parlors, adult novelty shops, down-at-the-heels motels, vacant lots. All this, city boosters insist, is the old Panama City Beach.

Fix your gaze directly across the street at the high-rise condominiums stacked like dominoes on the dunes. This is the resort’s new face, with units in the most exclusive buildings selling for as much as \$1.5 million. Here and there are the old narrow, two-story mom-and-pop motels that date from the 1940s and 1950s. But most have been bulldozed. Signs of change are everywhere, from the construction crews clogging the roads to the soaring cranes that hover above the clear emerald waters and white beaches of the Gulf of Mexico.

Like much of Florida, Panama City Beach has been hurt by the downturn in the real estate market. But what sets the resort apart is the planned construction — scheduled to begin in late spring— of a \$330 million international airport to replace the outdated Panama City-Bay County International Airport. The new airport, scheduled to open in late 2009, will have longer runways to handle larger jets, opening the resort to more domestic and international markets.

Currently, 83 percent of the city's four million tourists arrive by car. With the new airport, that will change. And Panama City Beach is betting that the new visitors filling those jets will have money to spend.

"We're going from what used to be a blue-collar resort and sharing that with a higher-end customer," said Bob Warren, president of the Panama City Beach Convention & Visitors Bureau.

That housing prices are still low compared with Florida's other coastal resorts has also caught the attention of real estate investors. "This is like an undiscovered little gold mine right now," said Mark McSparin, an investor from Charleston, Ill., who has bought several dozen condos in Panama City Beach in the last three years and who has his own condo there.

### The Scene

Even in peak summer season, the area's 17-plus miles of beach are rarely crowded. "It's not like Coney Island, where you're stepping all over each other," said Patricia Remer, a native New Yorker who now lives in Birmingham, Ala. Mrs. Remer bought a three-bedroom, two-bath house one block off the beach in 2001 for \$113,000, which she has on the market for \$249,000. She plans to move to a waterfront condo so she can walk out her door and feel the sand between her toes.

"It's so peaceful," she said. "I get my umbrella, my chair, a bottle of water and a book, and I could just stay there forever."

In winter, the families from Georgia, Alabama, Mississippi and Tennessee retreat to make way for snowbirds from the Upper Midwest and Canada, most of whom rent condos for a few months. Some even swim in the chilly waters, which shocks local residents. "I guess it's hot to them," said Jack Mashburn, a longtime resident of the county. "Nobody here would dare put a foot in the gulf in February."

Just off the beach, on the strip, are family activities that range from amusement parks and go kart tracks to water parks and miniature golf. A

Ripley's Believe It or Not Museum opened last summer. And there are alligators, stingrays and performing dolphins at Gulf World Marine Park.

If you can get past the restaurants shaped like pirate ships and seafood places with names like Captain Crabby's, there are plenty of chances to commune with nature. The beach is flanked by state parks with pristine coastline, walking trails and fishing. Boating on the gulf is popular, as is fishing for flounder, trout, redfish, snapper and grouper. You can swim with dolphins for \$49 a person. There are airboat tours of nearby rivers and marshes.

Panama City Beach has had a reputation for years as a spring-break destination for college students, although it has faded somewhat as the old motels disappear and the owners of condo buildings set strict rules. "Spring breakers are a lot better behaved," said Patrick Pfeffer, who owns Club La Vela. "You don't see as much nudity and throwing TVs out of the windows."

You can still kiss your quiet time goodbye in March, though, when the beach is jam-packed with college students dancing to live bands and playing volleyball. Club La Vela, which has a capacity of 6,000 indoors and outdoors, books national acts like Aerosmith and Stone Temple Pilots and is periodically host to MTV. Spinnaker Beach Club holds 2,000 revelers.

## Pros

Except for spring break, Panama City Beach is family-oriented. Rosemary Butler, of Dallas, Ga., remembers traveling to Panama City with her parents in the 1950s when Thomas Drive was a dirt road. After two condos, she and her husband bought a single-family house so they could be host to their extended family. "We buzz across the street in our golf cart, go to our boat and take off," Mrs. Butler said.

## Cons

Most residents welcome the changes, but some are unhappy that high-rises have obliterated the dunes and blocked the gulf view from the street. A few buildings tower 35 stories above the sand, but rules put into effect two years ago now limit buildings to 22 stories. "If I had my choice, we would never have

built anything on the beach side of the street,” said the city’s mayor, Gayle Oberst. “But we’re 50 years too late.”

Wayne Kirby, also of Dallas, Ga., misses the relaxed pace of the days before high-rises. He started vacationing in Panama City Beach in the 1950s, staying with his family in one of the old mom-and-pop motels. He bought a condo in a two-story building on the beach in 1987 for \$67,000, but finally sold it last November after years of pressure from developers. It will be torn down to make way for another high-rise.

“We were so happy where we were,” Mr. Kirby said. “We could sit on our deck and watch the grandkids play on the beach and not have to worry about them. I’m not against growth, but I believe the growth has gotten out of hand.”

### The Real Estate Market

As the number of unsold properties grows — there are 2,000 condos in Panama City Beach for sale, according to Katie Patronis, a broker for Century 21 Ryan Realty— construction of new units continues. Although four projects were delayed in 2006 and 12 postponed, another 22 are under way, said Mr. Warren of the visitors bureau; altogether, that’s almost 7,000 units.

Units stay on the market an average of 180 days before being sold.

People who bought a condo in the pre-construction stage two years ago, Ms. Patronis said, “are closing on their property now and paying more than what it’s worth.” Sales of existing condo units were down 45 percent in 2006, she said, but sales of new condos were up by 3 percent.

The median price of a condo in Panama City Beach is \$316,000, up from \$118,000 in 2000. But that’s down from the peak of \$385,000 in 2005.

Prices range from \$150,000 for a studio or a unit not facing the gulf to \$2 million. A single-family home a half-mile from the beach is about \$150,000. New three-story, Key West-style houses near the beach are \$450,000 to \$500,000. Three-bedroom single-family houses in the Martinique development, on an artificial lake, start at \$500,000.

But no matter how skittish investors are, city officials and real estate professionals in the long run see nothing but blue skies over an emerald sea. “The market will take care of itself,” said Mayor Oberst. “The northwest part of Florida has been discovered. Everybody wants to live here.”

### **Lay of the Land**

**POPULATION** 11,477, according to a 2005 estimate by the Census Bureau. In peak season, the population rises to at least 35,000, according to the city’s planning and zoning department.

**SIZE** About seven square miles, according to Census figures.

**WHO’S BUYING** Families with young children and baby boomers nearing retirement. Most come from cities like Atlanta, Nashville, Memphis, Knoxville, Tenn., and Louisville, Ky.

**GETTING THERE** Panama City Beach is about 130 miles west of Tallahassee and 95 miles east of Pensacola. The nearest major highway is Interstate 10. From the north, take Route 231 south, which crosses Interstate 10, then take Route 98 west for about six miles.

**WHILE YOU’RE LOOKING** The Bay Point Marriott Resort (4200 Marriott Drive, 850-236-6000; [www.marriottbaypoint.com](http://www.marriottbaypoint.com)) is on the bay. Rates range from \$109 for a standard room in the off-season to \$900 for a two-bedroom suite in high season. All rooms at the Holiday Inn SunSpree Resort (11127 Front Beach Road, 850-234-1111; [www.hipcbeach.com](http://www.hipcbeach.com)) come with balconies facing the gulf. Rates range from \$89 in the off-season to \$299 at peak times.