

GROWERTALKS

GT in Brief

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Ecke Sells Ranch Property

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In 2005, Paul Ecke III was told by a vote by the citizens of Encinitas that he couldn't develop a residential subdivision on a portion of his 67-acre nursery to raise funds to update the Ecke Ranch. So instead, he's found a potential buyer for the entire property and, if the deal goes through, will eventually move to a new location and construct a new Ecke Ranch.

That's the news that came out of southern California just a week after Spring Trials ended, so obviously Paul has been busy with more than just flower displays. We called him to get the details.

First, why sell the land? Paul says it's about efficiency and raising capital for a new Ecke Ranch.

"We are not super-efficient for what we do here anymore," he said of the sloped property. His family moved to Encinitas from Hollywood in 1923 to raise outdoor poinsettias, which was feasible on the sloped land. As they converted to greenhouse production in the 1960s, the topography became more of an issue, which only got worse as efficiency needs became greater. Today, with Ecke having moved all of its young plant production offshore, Paul says they only use 15% of the 850,000 sq. ft. facility, for breeding and R&D. So it only makes sense to "right-size" to a more efficient facility. But they needed to fund that facility, and since the city voted down a zoning change and subsequent development, the only other recourse was to sell the land to fund a new location.

Who's the buyer? It's a non-profit called the Leichtag Foundation, an organization set up to distribute the estate of the late Lee and Toni Leichtag, who made a fortune in pharmaceuticals. The Foundation focuses on a wide range of social functions, including combating poverty, increasing self-sufficiency, supporting and inspiring a vibrant Jewish life and much more. The Foundation's president and CEO James Farley said in a release, "While we don't yet know the details of the site's long-term use, we believe the kind of uses that will be explored include urban farming, service learning, expansion of the San Diego Botanic Garden, educational and cultural programs, and support of a strong Jewish community in North County. Our purchase ensures that it will not be used for development of residential subdivisions, commercial office parks or shopping centers." To date, the Foundation has funded \$65 million in projects.

"I like [the deal with Leichtag] for a couple reasons," Paul told *GrowerTalks*. "One, they don't have to go to a bank and get a loan. They can just write a check. And more importantly, this land will now become community-

use land. I'm excited, I really am. It's going to be an awesome thing for the community."

A third reason he likes the deal is because he doesn't have to vacate the property quickly. They have a three-year lease that Paul says could go longer.

"Nothing changes for us for the short term," he says. "We'll start looking for another facility that is smaller and more right-sized. But I don't think I'm going to spend a lot of time and energy on that for a year." He also said that the sale isn't yet a done deal, just an option.

And what about a potential new location for the Ranch? Paul says Encinitas is home. "I'd love to keep my commute short," he jokes. One option is less than five miles away: The Flower Fields, where Ecke owns 100 acres. He mentioned other properties that are close—and flat.

"I'm all about flat. Totally into flat," he says with a laugh. "This land was never really designed for greenhouses. We created a few flat pads, but mostly it wasn't flat. Had a nice weather pattern, but it wasn't the right topography."

And for those who might suggest this is simply the beginning of an exit strategy?

"This is not a sale of the business, it's a sale of some property," Paul answers. "It's just one of our pieces of property. The business continues."

In fact, Paul hopes the industry sees the sale as a "bold move."

"It may be the beginning of the next 100 years," he continues. "We do want to have some capital to grow. Last time I checked, banks weren't being super cooperative about lending money. And the venture capital market isn't exactly on fire. And even the real estate market's not on fire. So this turned out to be a great solution for the Ranch. I hope people look at it as a bold move to raise capital in a tough environment. It actually gives us an opportunity to grow, rather than it being the beginning of the end." **GT**