

Continuing Story of D. P. Davis – Davis Loses His Islands

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Florida real estate in the mid-1920s seemed like a sure investment. With very little money down, one could purchase a great deal of land, then turn around and sell it for a profit – without ever making a mortgage payment. This type of land speculation was the engine that drove the land boom. Unfortunately for those involved, the engine was about to run out of gas.

In 1926, there were over 850 companies and individuals listed in the Tampa City Directory under its various real estate listings. The realtors hawked properties in Hillsborough County and west Central Florida, with a few touting investments in South Florida. Eighty-two of these companies placed real estate ads in the directory's special advertising section, up from seventy-four in 1925. The land boom was still alive, but economic signposts of 1926 began to suggest a turn in another direction. The year began with news of slow real estate sales, a condition which did not worry Davis or most other Florida developers. But as the temperature increased from winter into spring, so did Davis' problems. Instead of receiving an expected four million dollars in second payments on Davis Islands property, only \$30,000 in mortgage payments arrived. Both Davis Islands and Davis Shores had sold out by this time, and resales were moving slowly. In short, Davis had a serious cash flow problem.

Con men had so infested the Florida real estate market, stealing millions of dollars from hapless investors across the United States, that potential buyers grew very skittish. Northern banks, too, grew weary of Florida investments. This stance against any Florida real estate investments soon spread across the country. The state of Ohio passed “blue sky” laws that forbade “certain firms” from selling Florida land in Ohio. This view was shared by a Chicago investment banker who claimed that “this Southern land boom is a fertile field for pirates of

promotion.” Though not a “pirate of promotion,” Davis's luck changed as well, with more and more investors defaulting on their loans, starving him of much needed cash.

Davis was not alone in his fall from realty grace. The entire Florida real estate market began a steady decline in 1926 and outside observers were quick to point that out. The *New York Times* reported a “lull” in the Florida market in February. By July, the *Nation* claimed that the real estate business in Florida had collapsed. “The world's greatest poker game, played with building lots instead of chips, is over. And the players are now ... paying up.”

Davis Shores continued to draw away all available resources, resulting in slower construction on Davis Islands. An overall shortage of building materials made matters worse. Davis had little choice but to sell his Tampa investment.

The failure of a project on the scale of Davis Islands spelled potential catastrophe for Tampa, both in terms of pride and prosperity. A considerable number of important people bought into the islands and now the situation looked bleak. Though it is not known which bank or banks Davis utilized for deposits and credit, it can be assumed, given his problems with Dr. Louis Bize, that it was not the Citizens Bank and Trust Company. Two more likely choices were First National, which had direct ties with Jacksonville and, potentially, with the Milam brothers (Davis' partners), and Exchange National Bank, where Peter O. Knight served as a vice president.

Either way, Knight, who at the time was president of Tampa Electric Company, had an intense interest in keeping Davis Islands afloat. Despite stories to the contrary, the dredging project was far from completion, roads awaited paving and large improvements such as the pool and the promised bridge still lay years in the future.

Knight convinced the Boston engineering firm of Stone & Webster, owners of Tampa

Electric, to purchase Davis Islands. Stone & Webster formed a new subsidiary, Davis Islands Investment Company, which in turn purchased Davis Islands on August 2, 1926. Davis received forty-nine percent of the stock in the new company, which he immediately used as collateral on a \$250,000 loan so work could continue on Davis Shores. This amount proved far too small to plug the gapping holes in Davis' St. Augustine financing – Davis Shores was simply too expensive.

Davis was left with few options. He booked passage on the luxury liner Majestic with a diverse cast of characters, from his lawyer and mistress to his eleven-year-old-son. Davis did not complete the voyage to France, but instead fell overboard in the middle of the Atlantic Ocean. Why, or how, this happened remains a mystery.