

The WELLINGTON LAND Report

Prepared by Atlantic Western Realty Corporation

March 2009 • Volume VII

EQUESTRIAN LAND SUMMARY

For over 25 years, *Atlantic Western* has been one of Wellington's leading brokers in significant land and equestrian transactions. To assist our clients in understanding and identifying market trends, opportunities and values in the Wellington market, we periodically publish the *Atlantic Western* "Land Report". In this report, our eighth volume, we examine major market trends and developments that have occurred since our last report in 2004, and which deserve special mention and reflection:

(i) Wellington's primary equestrian amenities and destinations experienced noteworthy consolidation, expansion and increased operations. The Winter Equestrian Festival was greatly expanded by Marc Bellissimo and his Wellington Equestrian Partners group, which secured firm control of the former showgrounds, original Palm Beach Polo stadium and fields, Littlewood grounds and operation, and the Littlewood expansion acreage. These events have collectively enhanced the show venue to now include the Palm Beach Steeple Chase, expanded European style stadium jumping performances "under the lights", greatly improved facilities, and increased capacity for expanded operations.

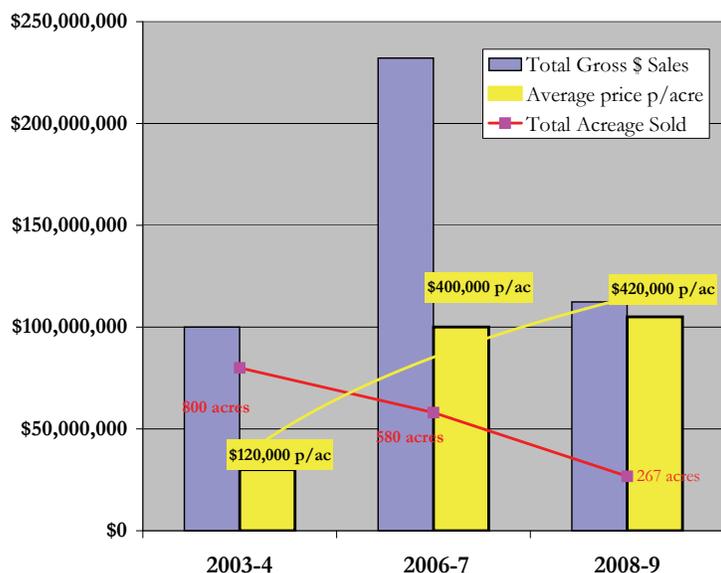
The International Polo Club added new fields, extended its season with a wider range of polo tournaments and expanded its country club operations to include the Wanderer's Golf Club, through the acquisition of the former Wellington Golf & Country Club; a transaction facilitated by *Atlantic Western*. In addition, several new Wellington polo clubs were formed including the Grand Champions Polo Club, and the Jan Pamela Polo Club on a 70 acre assemblage facilitated by *Atlantic Western*.

(ii) As a result of these major amenity expansions and incredibly strong market conditions, from 2006-7 Wellington's equestrian market achieved the highest sales volume ever recorded exceeding \$225,000,000 in total sales, with average land prices increasing over 230%, reaching an average of \$400,000 per acre on spectacular volume. This sales activity had profound impacts on the market, resulting in the absorption and development of most of the South District's previously raw land inventory. This is best evidenced by a consistent trend line of less total acres being sold in each period, and an incremental reduction in new development. As forecasted in our last report, the rapidly declining supply of vacant land and the sub-division trend toward smaller parcel sizes, combined with accelerating demand from end-user equestrian buyers and investors, propelled market prices during this period.

(iii) In late 2008 the economic and financial correction which has challenged many US real estate markets has certainly affected South Florida's as well. And while the contraction remains underway (most notably in residential development), the impact to Wellington's equestrian market has been less severe; illustrated more by a reduction in sales volume and increased inventory for sale, rather than corresponding price adjustments. As shown on the following graph, sales volume has slowed from its frantic pace in 2006, but is still ahead of 2003-4 performance, while maintaining relative price stability.

While total dollar and sales volume have declined as much as 60% from 2006-7's frantic pace, current volume is on par with the active 2003 cycle and other previous time horizons *Atlantic Western* has tracked over Wellington's market history. More

WELLINGTON EQUESTRIAN MARKET
TOTAL GROSS SALES



importantly, since 2007 the average sales price per acre has actually increased 5% , and remains 200% above 2003-4 average prices; reflecting the underlying strength of the market.

The most notable impact of the current environment has been the increase in available properties for sale, including strategic and unique properties which in the prior cycle were either not offered, or previously available. *Atlantic Western* believes current conditions present unusual and cyclical opportunities for serious buyers, particularly on trophy and strategic properties that are rarely offered and which have historically presented significant barriers to entry to acquire.

The following is a summary of real estate activity within Wellington's Equestrian Preservation and South District sub-markets.

- **Grand Prix Village.** The exclusive equestrian community adjacent to the Winter Equestrian Festival Showgrounds has maintained its status as the premier equestrian area in Wellington due to its proximity to the Showgrounds, and exquisite property construction. While sales volume has declined significantly, average per acre sale prices have increased 165% from 2006, exceeding \$1,300,000 per acre in separate transactions. Currently there are a number of select properties available for sale in this area at prices ranging from \$1.3mm to well over \$2mm per acre.
- **Palm Beach Point** remains one of the most actively traded equestrian sub-markets in Wellington. In our last edition, *Atlantic Western* reported that over 300 acres changed hands with improved property sales averaging \$164,000 per acre and high points exceeding \$200,000 per acre. In 2006-7 over 80 acres were sold at average prices of \$159,000 for unimproved land and \$397,000 per acre for improved properties. In the last 12 months, sales volume has declined with average prices falling approximately 12% to \$276,000 per acre. At present, over 20 properties are listed on the market at average pricing exceeding \$400,000 per acre; reflecting one of the larger spreads between bid/sale in the market.
- **Palm Beach Point East and Section 29** have dramatically increased in popularity as the market recognizes this location's easy access, private un-congested atmosphere, and strategic proximity to the Showgrounds. In the past 15 months, over \$44mm of properties sales have been executed at prices averaging \$300,000 p/ac with highpoints realized at \$375,000 p/ac for unimproved property and over \$700,000 p/ac for improved properties. Such represents a 200% increase in sales volume with average price stability compared to 2006-

7. Currently there are a number of developed/improved properties for sale priced in the mid-\$400,000 per acre range. *Atlantic Western* currently has the largest single undeveloped tract remaining in the market for sale at \$204,000 per acre and which is fully approved, entitled for sub-division, and ready for development. (See Glenspur herein)

- **Saddle Trail** remains the dominant small lot market, offering 2 acre lots with homes and stables, all within close proximity to the Showgrounds. In the past 15 months, Saddle Trail has maintained market share with over \$23mm in sales averaging over \$730,000 per acre for improved properties. Currently there are over 17 properties listed for sale in this section at average (improved) pricing of \$949,000 per acre.
- **Section 27** originally referred to as the "Meadows", is located between 40th & 50th St. and between 120th Ave and 130th Ave. S. This area includes a mix of equestrian farms and major polo properties including the Equelus, San Saba, Las Monjitas, Pony Express, Santa Clara and Patagones Polo complexes. This area experienced a record breaking increase in sales volume in the 2004 cycle. In the past 15 months, average land sale prices were recorded at \$275,000 per acre by *Atlantic Western* which executed the three most recent sales in this sub-market.
- **Section 28** located along central South Shore Blvd. is one of the more mature and closely held equestrian areas in the Village; evidenced by few undeveloped or available parcels for sale. This section includes the very successful South Forty Polo Club, one of the only shared equity polo clubs in the United States. *Atlantic Western* has continued its position as the market maker of these tightly held polo properties, and is currently offering one of these properties for sale at reduced pricing.
- **Section 33** bordered by South Rd. to the north and the Loxahatchee Wildlife Refuge to the south, remains one of the most preferred equestrian neighborhoods in Wellington. In 2006-7 re-sale pricing reached its apex for this area recording average prices of \$334,000 per acre. This trend continued during 2008-9 with highpoint sales recorded of \$570,000 per acre for improved property. *Atlantic Western* is currently offering several well positioned equestrian farms for sale in this area.
- **Section 34**, situated on the south side of South Rd., west of Homeland, is the last substantially vacant section of land within the incorporated boundaries of Wellington. At present this parcel, now referred to as the Wellington Preserve, is being offered into 2.5 – 10 acre parcels, as well as in bulk. Call *Atlantic Western* for details.

Government, Infrastructure and Development Report

Major commercial and residential development continues to pressure Wellington's equestrian area and real estate values. Notable impacts since our last report include the over-development of residential communities along the SR 7 corridor, the expansion of the Wellington Green Regional Mall, and major new roadway projects.

The Village of Wellington Government and its various sub-committees continue to address key issues to balance development growth with long term equestrian preservation, including without limitation, (i) limiting and/or restricting roadway and incompatible zoning/development within the equestrian preservation areas; (ii) implementing and enhancing safe horse crossings at major intersections to preserve the critical inter-connectivity between Wellington's equestrian neighborhoods and major equine amenity destinations; (iii) expanding and maintaining water management and control projects to effectively provide critical storm drainage to equestrian areas; (iv) determining a comprehensive and long term solution for manure –waste; and (v) limiting restrictive zoning, ordinances and other regulations that unnecessarily restrict and/or tax equestrian activities. Since all of these issues have direct and indirect long term impacts, equestrian and land owner interests should actively participate in the Village government's planning and execution of public policies and projects. Venues such as the Village of Wellington Equestrian sub-Committee present excellent opportunities for land owners and equestrian interests to become better informed and express positions in public forum on important land use issues.

Municipal Roadway and Traffic Patterns

The biggest Wellington "traffic" news in our last report focused on the Southern Blvd. expansion, which is now complete from Palm Beach International Airport all the way to Wellington, dramatically improving accelerated vehicular access to West Palm Beach, the airport and interstate highways including the new Turnpike interchange. This roadway expansion together with the Town of Loxahatchee's recent incorporation (at Wellington's northern boundary), present unique investment potential for investors. *Atlantic Western* forecasts the western Southern Blvd. corridor will experience significant growth and redevelopment during the next 5 years.

Within Wellington, South Shore Blvd.'s four lane expansion to Pierson Rd. is also now complete and the second phase of this improvement to the Lake Worth Rd. intersection is scheduled during 2009-10. The Village is also in preliminary planning for a western extension of Lake Worth Rd. to provide alternative access to the Showgrounds. Portions of South Rd. and Flying

Cow Rd. have also been paved, thereby increasing traffic and reducing equestrian trail access.

All of these developments present emerging traffic patterns for land interests within the Village. Traffic performance standards and their implication on development concurrency continues to be the defining issue for new development and approvals. *Atlantic Western*, together with key engineering and traffic specialists remain integrally involved in these issues and can provide comprehensive advisory and strategic marketing services to owners and prospective purchasers of land impacted by these issues.

Recreational Land/Agri-Business Opportunities

Tremendous development pressure and corresponding land value increases over the previous five years in Palm Beach County opened the door for extensive new land opportunities in surrounding rural areas. Locations such as Loxahatchee, PB County's AG Reserve and southern Martin County all experienced a "land rush" evidenced by significant price increases from farmers, investors and developers aggressively investing in large tracts of land during this period. Some of these initiatives have been positioned and completed as unique equestrian destinations including Port Mayaca Polo Club, Sunlight Ranches, Hobe Sound Polo Club, as well as numerous tracts of farm land, nurseries and transitional properties. Principals of *Atlantic Western* led one of these early initiatives through the development and sale of the 2,200 acre Lake Point Ranches project in southern Martin County. Through this process we gained unique market knowledge and entitlement expertise and continue to maintain an in depth database of select properties in these areas. We believe the current cycle and "correction" underway presents select opportunities to acquire major land tracts, at attractive pricing, that enjoy unique location, recreational opportunities, on-going agricultural operation and /or are within the path of future development. Call *Atlantic Western* for great investment leads in this regard.

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WELLINGTON'S LAND & FARM EXPERTS FOR OVER 25 YEARS
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Commonly referred to as the *Glenspur Development Tract*, this 112-acre parcel is one of the few development/investment opportunities remaining in Wellington. Glenspur is strategically located adjacent to the current Littlewood Horse Show Grounds and enjoys recorded bridle path easement access directly to Grand Prix Farm and the WEF Equestrian Center & Showgrounds. Fully approved site plan & plat for sub-division into ten (10) ten-acre equestrian tracts, the Glenspur Development tract presents a rare investment and development opportunity in the Wellington market.

**CURRENTLY BEING OFFERED IN BULK FOR IMMEDIATE SALE
REDUCED FROM \$28,000,000 TO \$24,000,000 (\$214,000 PER ACRE).**

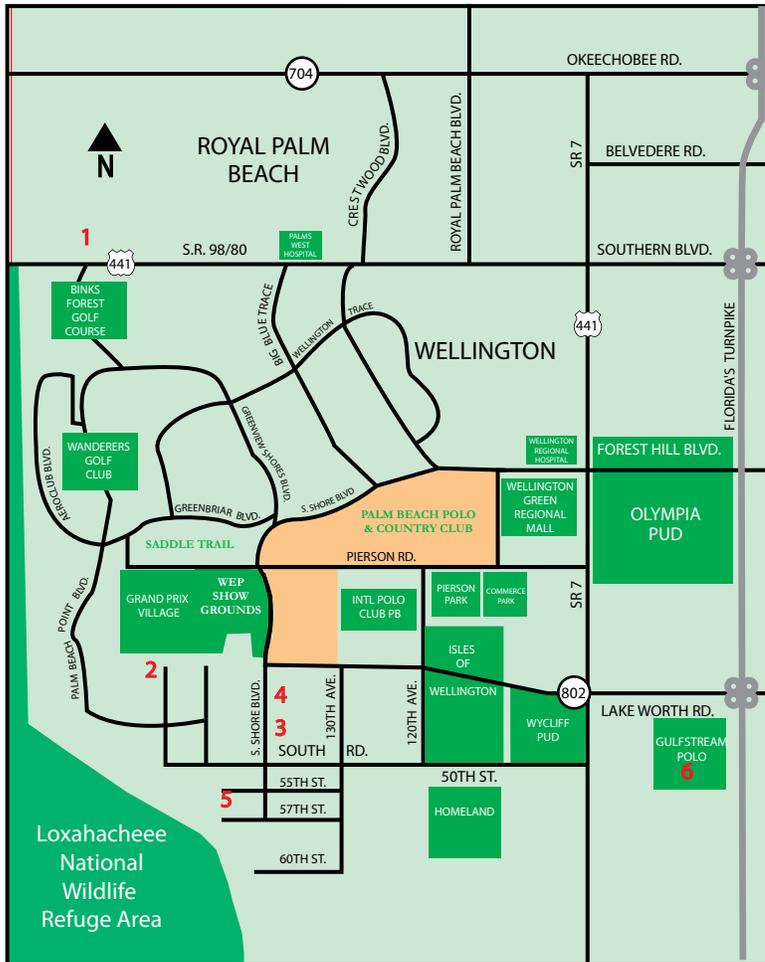


ATLANTIC WESTERN
MAJOR EQUESTRIAN LAND SALES



For over 25 years, Atlantic Western Realty Corp. has provided market insight and leading brokerage sales representation to its clients on land and equestrian interests in Wellington; executing over 2,000 acre sale transactions, totaling in excess of \$200,000,000. Call Atlantic Western for assistance in land purchases and sales.

CURRENT OFFERINGS



3. South Forty Polo Club



4. South Shore Equestrian Acreage



5. Turn-key Equestrian Estate

1. Southern Blvd. & B Rd., Loxahatchee – 100 (appx) acres on Southern Blvd. Interim Ag use with long term rezoning opportunity. For Sale - \$15,000,000
2. Glenspur Development. 112 acres approved and fully entitled for sub-division into 10 equestrian farms averaging 10 acres each, with direct access to the Showgrounds. Ready for development and presenting one of the largest and best priced land development opportunities remaining in Wellington. For Sale - \$24,000,000.
3. South Forty Polo Club. 7 acres, 2 barns, 4 apartments within the unique equity owned South Forty Polo Club Facility. For Sale - \$3,200,000 (reduced)
4. 10 acres on prestigious South Shore Blvd., with improved fencing, paddocks, all weather riding ring. For Sale - \$2,600,000 (reduced).
5. Turn-key Equestrian Estate - 5 acres within the exclusive gated equestrian community of Scottsglade Estates, including home, barn, paddocks and incredible privacy. For Sale - \$2,800,000 (reduced).
6. Gulfstream Polo Club. Several parcels available for sale at reduced pricing. Call for details.

THE ATLANTIC WESTERN COMPANIES

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The Atlantic Western Companies are a family of affiliated corporations offering full service real estate brokerage, advisory, finance, asset and property management, leasing and disposition services to investors and owners of real estate and real estate based assets Statewide.

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