

The WELLINGTON LAND Report

Prepared by Atlantic Western Realty Corporation

August 2013 • Volume X

2013 EQUESTRIAN LAND SUMMARY

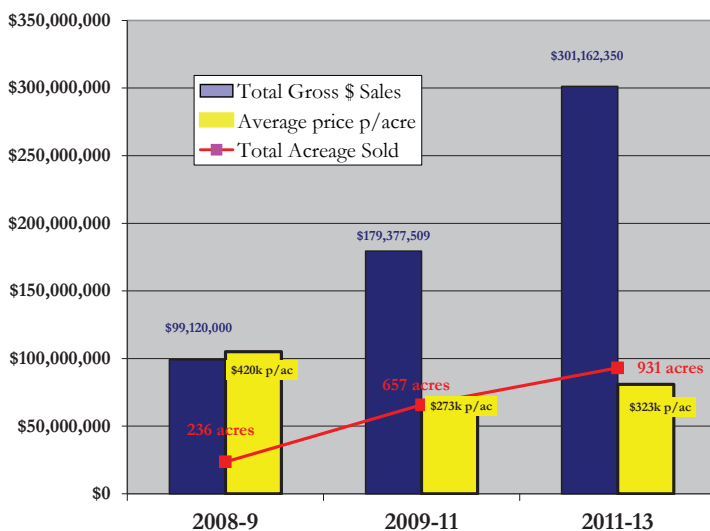
“Re-Pricing and Recovery”

Since 1981, *Atlantic Western* has been one of Wellington’s leading brokers in significant land and equestrian real estate transactions. To assist our clients in understanding and identifying market trends, opportunities and values, we periodically publish the “Wellington Land Report”. In this report, our tenth volume, we examine those market trends and developments that have occurred since our 2011 report, and which deserve special mention and reflection.

Following the 2009-10 real estate correction, Wellington’s equestrian land market has demonstrated a healthy recovery including impressive increases in transaction volume, acreage sold and per acre values. In 2011 we predicted the bottom of the market and favorable conditions for buyers particularly on properties that were correctly re-priced. These forecasts have proven out evidenced by the surge in transactions recently executed.

In the past 2 years, over 95 Wellington equestrian land transactions have occurred, representing 931 acres and \$301,163,000 in total sales; reflecting an **18% increase in transactions**, **43% increase in acres sold**, and a **whopping 68% increase in total dollar sales**. This impressive volume coincided with a 33% increase in overall p/ac pricing. Average prices for unimproved land increased to \$176,000 p/ac and \$578,650 p/ac for land with improvements; representing increases of 32% and 51% respectfully. As further discussed herein, these trends disguise even larger changes in particular sub-markets as the least expensive acreage was responsible for the majority of absorption, and relative price gains, while some of the historically most expensive areas experienced price reductions. **The bottom line: during this period properties that were the most aggressively priced and which offered the best value enjoyed the most sales activity.**

WELLINGTON EQUESTRIAN MARKET
TOTAL GROSS SALES



On a macro view, South Florida’s real estate economy is rebounding, led most impressively by improvements in the residential sector. New housing development demand is re-emerging for entitled lands throughout Palm Beach County and on the periphery of Wellington’s Equestrian Preservation Area. The combination of recent sales, and a notable resurgence of demand for both equestrian and residential property are substantially reducing the remaining supply of land available for new development. We predict these trends will lead to substantial near term price increases off of the bottoms created in the last cycle.

The majority of Wellington’s equestrian market is now built out. Only 8% of Wellington’s 7,500+ acre South District and Equestrian Preservation Area is currently unimproved; much of which is controlled by strong ownership and not

for sale. For most of Wellington's history, an abundant supply of vacant land, less restrictive regulations, and lower development costs provided buyers with competitive alternatives to purchasing existing improved property, while also serving as a price restraint on resales. **However, we forecast that a dwindling supply of vacant land, substantial increases in regulations and development costs, combined with continued buyer demand will all contribute to significant price increases for improved properties in the next 2 – 3 years. This emerging trend presents near term opportunities for serious buyers, particularly on select trophy and strategic properties that can currently be acquired for less than replacement cost.**

- **Grand Prix Village.** The exclusive equestrian community adjacent to the Winter Equestrian Festival is recognized as the premier equestrian area in Wellington due to its proximity to the showgrounds. During the current survey period, an impressive 94 acres in 15 sales transactions occurred, totaling over \$97mm in sales, representing a blended average sale price p/acre of \$1,032,000. While this activity reflects a 180% increase in sales volume, it was accelerated by an average p/acre **price decline of 22%.**
- **Palm Beach Point.** For the fourth consecutive reporting period, Palm Beach Point remains the most actively traded equestrian sub-market in Wellington. Since our last report, this area has recorded 26 sales, total transactional volume of over \$46mm, with improved property sales averaging \$343,000 p/acre and high points exceeding \$900,000 p/acre; reflecting a 34% increase in average pricing since our last report. Palm Beach Point's most notable trend is the robust absorption of the few remaining unimproved lots for new construction projects as well as the on-going renovation of older existing estates. *Atlantic Western* forecasts this trend to continue.
- **Saddle Trail** remains Wellington's premier residential equestrian –small lot - alternative, offering 2 acre lots with homes and stables, all within close proximity to the Showgrounds. In the past 24 months, Saddle Trail

recorded over \$44,670,000 in sales averaging \$858,000 p/ac for improved properties; **a 65% increase in average pricing since the last report.**

- **Palm Beach Point East / Sections 29-30.** In our last report, this area had one of the widest bid-ask spreads and largest inventory for sale. In the past 24 months, over \$22,000,000 of property sales have been executed in this section; including *Atlantic Western's* sale of the 49 acre Saddle Club development, and the purchase of the 98 acre Palm Beach Equestrian Center by private interests. These two vacant land sales averaged \$101,000 per acre, reflecting two of the best priced land opportunities recently executed.
- **Section 34.** Otherwise known as Wellington Preserve situated on the south side of South Rd., west of Homeland, this section experienced the most equestrian/ polo development during this cycle. In the past 2 years, over 350 acres (representing 41% of Wellington's entire market absorption) have been acquired by various equestrian and polo interests at price points ranging from \$100,000 - \$120,000 per acre. Most notably, in May 2011, a 100 acre tract in this section was acquired by the principal of the Zacara Polo Team for the development of a private polo facility which is now complete. In addition, *Atlantic Western* represented the principal of the Valiente Polo Team in the acquisition of 148 acres, and thereafter provided land planning, & project management services for a 5 polo field complex; the construction of which is currently underway. Five other polo and equestrian developments in this Section are also planned by other recent and pending buyers. These exciting developments have pushed asking prices for the few remaining parcels to over \$148,000 per acre, reflecting the more impressive land value gains to occur in this cycle. Several tracts ideal for polo and equestrian development remain available in what has emerged as one of Wellington's most important polo concentrations. Call *Atlantic Western* for more details.

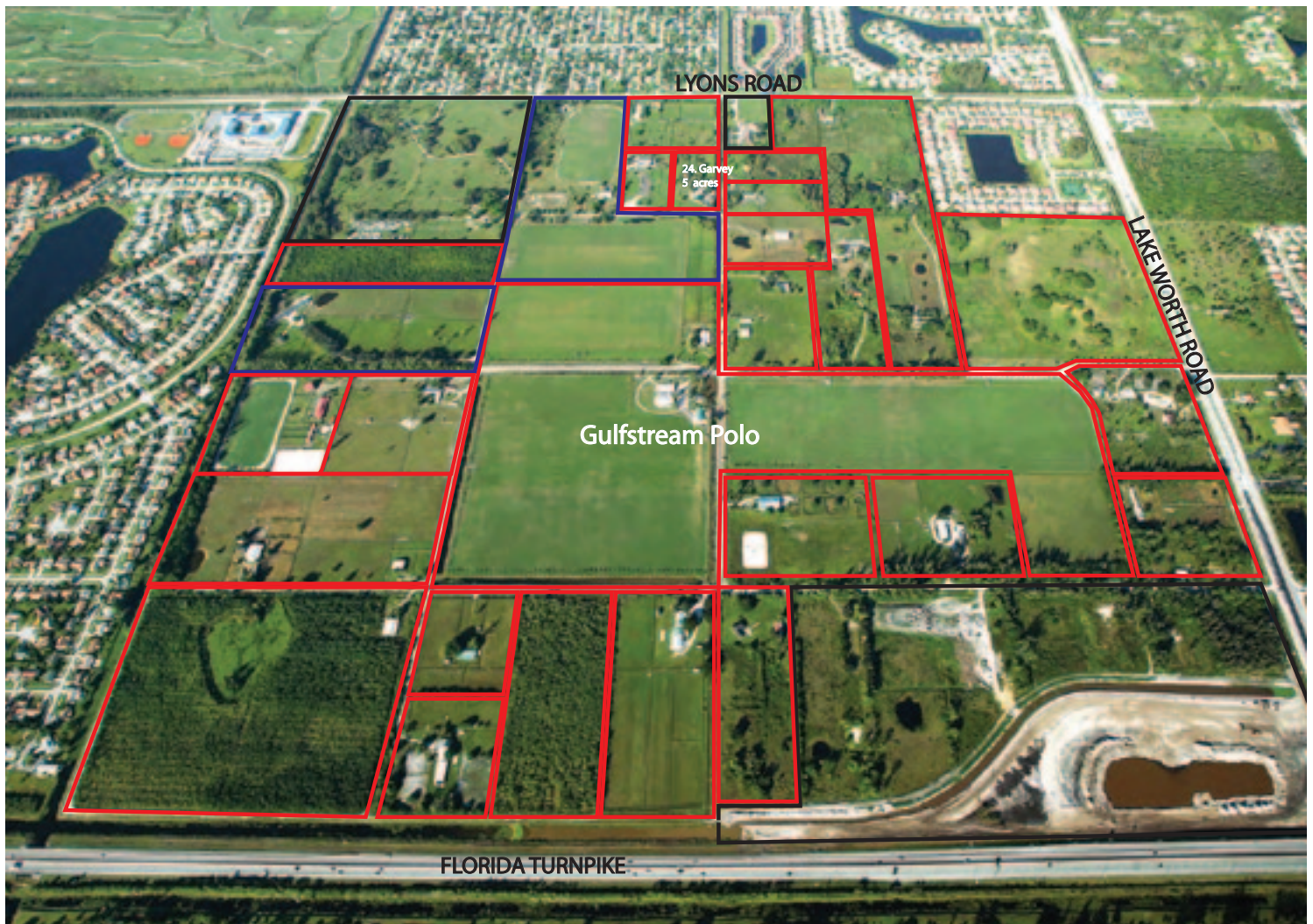
In the past two years, Atlantic Western successfully transacted over \$36,000,000 in land sales to equestrian/polo investors and land developers.

Gulfstream Polo Club

For over 20 years *Atlantic Western* has been the primary market maker for properties in Gulfstream Polo Club, located on Lake Worth Rd. east of Wellington. As we forecasted in our last report, a significant number of foreclosure and distressed opportunities arising from the previous correction presented historic opportunities for investors. Many of the sales Atlantic Western facilitated since 2009 are poised for significant rebound in value now that market conditions have improved.

In June 2013, principals of *Atlantic Western* assisted in the assemblage, rezoning and \$13,500,000 sale of 65 acres within Gulfstream Polo to Lennar Homes, which will be breaking ground on a new 250 unit housing project in 2014. We forecast that re-emerging demand for residential development will continue to present select Gulfstream Polo owners potential opportunities for re-development and sale in the near term. Call *Atlantic Western* for more details.

GULFSTREAM POLO CLUB & SURROUNDING PARCELS



- **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. In the past 24 months, 6 transactions, comprising 44 acres have been purchased at prices averaging \$135,685 per acre; reflecting some of the most affordable values recorded for smaller improved equestrian properties in this cycle.



South Forty

- **Section 28** located along the prestigious South Shore Blvd. is one of the more mature and closely held equestrian areas in the Village; evidenced by larger parcel ownership, and few undeveloped or available parcels for sale. Only three transactions occurred in this area over the past year. Within this section, several unusual trophy properties remain available including the 120 acre Winsome Farm, 100 acre Simpatico Polo Farm, and the Jan Pamela Polo Complex offered by **Atlantic Western** and consisting of 70 acres, 3 polo fields and complete equestrian infrastructure.

- **Section 33** is bordered by South Rd. on the north and the Loxahatchee Wildlife Refuge on the south. Considered one of the more private locations in the Equestrian Preserve, this area recorded 7 sales on 69 acres with average pricing of \$137,000 per acre for unimproved lands and over \$425,000 per acre on improved properties. However, with average listings exceeding \$700,000 per acre, this area continues to reflect one of the highest bid-ask spreads in our survey.

Government, Infrastructure and Development Report

The Village of Wellington Government continues to adopt new ordinances regulating development and equestrian activity, including: (i) increased site planning, platting and other development pre-requisites; (ii) increased drainage and water retention requirements; (iii) expanded requirements and ordinances for manure-waste; and (iv) expansion of building permit obligations. These trends are contributing to increased land development costs, which together with shrinking supply, we forecast will also impact pricing for existing improved properties. Since all of these issues have direct and indirect long term impacts on the costs of equestrian activity, development, and pricing, land owners are encouraged to stay abreast of and actively participate in government planning, public policies and projects.



Jan Pamela Polo Complex

Section 28 also is the location of the very successful South Forty Polo Club; the only fractional-equity polo club in the United States, offering tournament quality field and training infrastructure exclusively to its 11 owners. **Atlantic Western** is currently offering the only available polo facility at South Forty for sale at favorable pricing.

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Municipal Roadway and Traffic Patterns

Several major new roadway projects have recently been completed and/or are planned near term that will have a profound impact on Wellington's Equestrian Preserve. These include: (i) the recent paving of South Rd. (aka 50th St.) now complete through to SR 7/US 441; (ii) the 2014 planned westerly extension of Lake Worth Rd. from its current terminus at South Shore Blvd. and; (iii) planned improvements for South Shore Blvd. south of Lake Worth Rd. We forecast these and other roadway projects will contribute to a major increase in traffic volume, with selective impacts to certain property/areas.

Other Recreational Land/Agri-Business Opportunities

As discussed in our 2011 report, one asset class most impacted by the 2009-2010 real estate "correction" was overly leveraged agricultural property in sub-markets neighboring Wellington, including Loxahatchee, the Acreage, Jupiter, and Southern Martin County. The emergence of distressed debt/sellers as a by-product of the market correction has generated extraordinary

opportunities for investors to acquire major land tracts that enjoy unique locations, recreational attributes, on-going agricultural operations, and in some cases future upside when situated in urban growth corridors. In the past 12 months ***Atlantic Western*** has marketed and/or sold over 2,000 acres in Martin County at extremely advantageous pricing. Select opportunities remain which present both unique location and compelling future development potential.

One such trophy asset is Payson Park, currently being offered for sale by ***Atlantic Western*** for the first time in over 30 years. This strategic 405 acre tract has many extraordinary features including irreplaceable thoroughbred training facilities, a historically significant and well-branded going-concern, together with an enterprise that generates significant annual revenues from the facility's seasonal boarding operations to some of the industry's most important thoroughbred trainers & horses; including the 2013 Kentucky Derby winner "Orb".

Call ***Atlantic Western*** for more details.



Payson Park

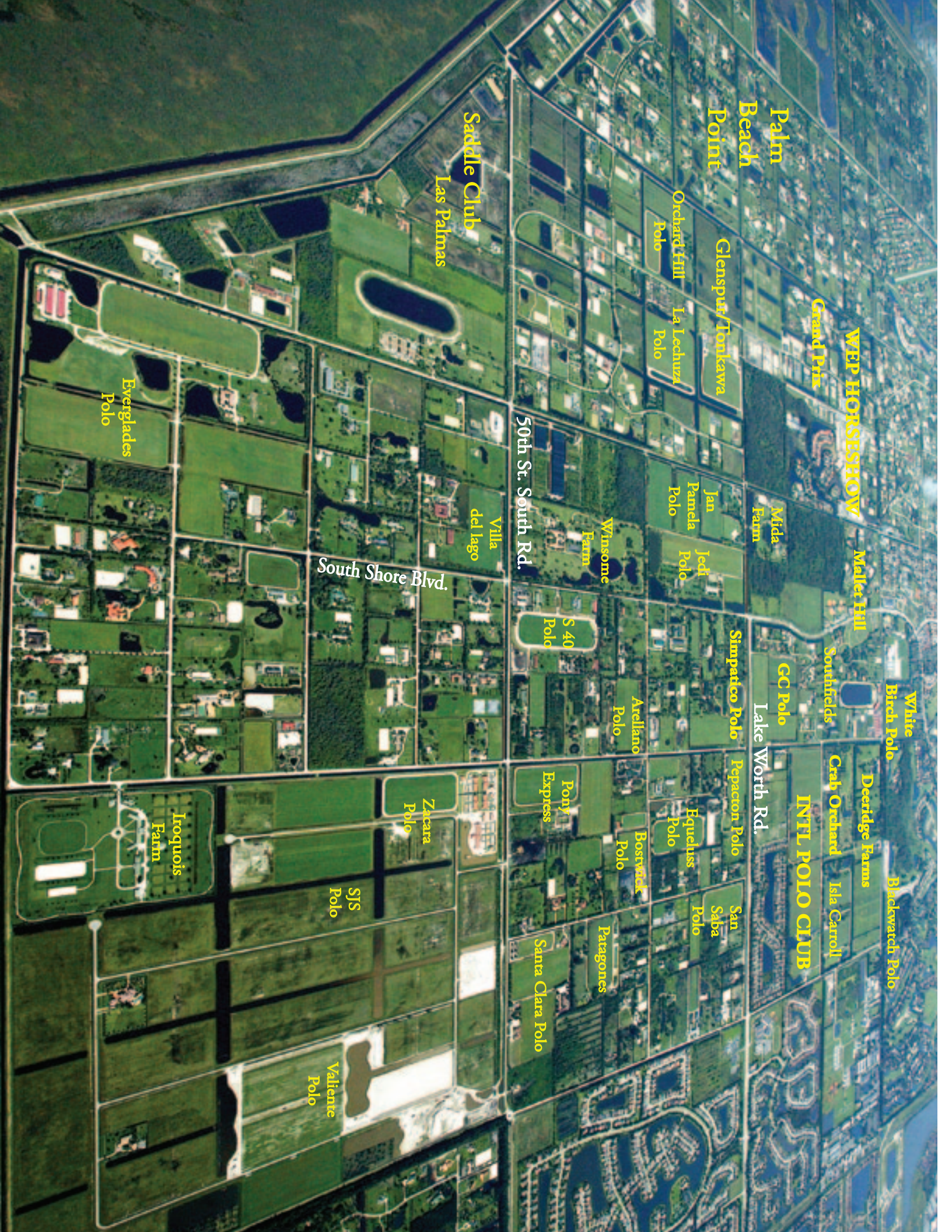


THE ATLANTIC WESTERN COMPANIES

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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 Florida real estate.

Brad Scherer, President • Jules "Jay" Romfh, Jr., Investment Sales and Leasing • Lester "Red" Armour, Equestrian Property Sales



WEP HORSESHOW

Grand Prix

Palm

Beach

Point

Glenspur/Tonkawa

Orchard/Hill

La Lechuza

Polo

Jan

Pamela

Polo

Jedi

Polo

Winsome
Farm

S 40

Polo

Arelano

Polo

Simpatco Polo

Polo

Pepacton Polo

Equelus

Polo

San
Salva

Polo

Paragones

Santa Clara Polo

Pony
Express

Bostrick

Polo

Saddle Club

Las Palmas

Villa
del lago

South Shore Blvd.

50th St. South Rd.

GC Polo

Lake Worth Rd.

Southfields

Malibu Hill

White
Birch Polo

Deeridge Farms

Crab Orchard

Isla Carroll

INTL POLO CLUB

Blackwatch Polo

Everglades

Polo

Iroquois
Farm

Zacara

Polo

SJS

Polo

Valiente

Polo