

The WELLINGTON LAND Report

Prepared by Atlantic Western Realty Corporation

August 2015 • Volume XI

2015 EQUESTRIAN LAND SUMMARY

“Return to the Top”

Introduction

Since 1981, Atlantic Western remains one of Wellington’s leading brokers in significant land and equestrian real estate transactions. To assist our clients in identifying market trends, opportunities and values, we periodically publish the “Wellington Land Report”. In this report, our eleventh volume, we examine market trends and developments that have occurred since our 2013 report, and which deserve special mention and reflection.

Current Market Summary

Many of the forecasts and trends outlined in our last report have proven out. Wellington’s Equestrian and land market has “returned to the top” with robust price appreciation exceeding previous market cyclical highs. In the past 2 years, over 138 Wellington equestrian and land transactions have occurred on 800 acres for an astounding \$412,545,000 in total sales; reflecting a **45% increase in transaction volume** and a **37% increase in total dollar sales**. **This impressive volume coincided with a 60% increase in overall average pricing to a record \$515,000 p/ac.** Average prices for unimproved land increased to just over \$308,000 p/ac representing a 75% increase over the previous 2 year period while average sales prices for improved properties increased 10% to \$637,000 p/ac.

Currently, over 1,000 acres of Wellington Equestrian Properties are listed for sale at an average p/ac asking price of \$587,000; reflecting a very low 13% bid-ask spread premium over recent average sales prices.

These impressive statistics mask the dramatic value premiums of those properties that enjoy closer proximity to the most sought after equestrian amenities (such as the Wellington Equestrian Festival Showgrounds), access to the equestrian trail system, and/or access to the most prominent roadways. While there has always been a significant value disparity between exceptionally located properties which offer “ski-in/ski-out” attributes vs. those that do not, we see this value gap widening and continuing to appreciate at a faster pace than in previously reported time periods.

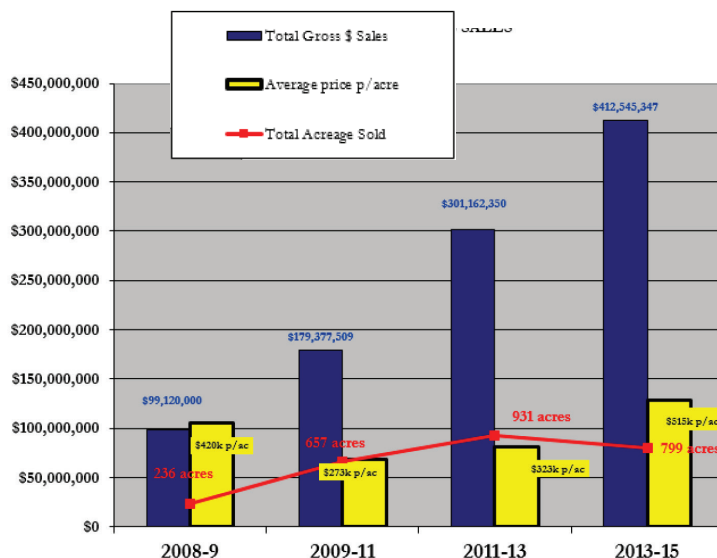
In the following report we examine all of these value/price drivers in Wellington’s specific and unique equestrian sub-markets.

Macro-Trends

In 2013, we noted that only 8% of Wellington’s 7,500+ acre South District Equestrian Preservation Area remained unimproved. In the past two years, considerable absorption and development of these few raw tracts has reduced supply even more, with corresponding increases in value. Our 2013 forecast was most bullish on raw land and development opportunities because of the great value disparity that existed between available raw land vs. improved property values. This forecast proved to be accurate **where in the past 2 years raw land price appreciation outpaced improved property appreciation by a factor of 7x.**

However *Atlantic Western* now sees this historic trend at a tipping point due to the near buildout of the Equestrian Preserve, a diminishing supply of available raw land (now at much higher prices), and a notable increase in development costs influenced by burdensome municipal regulations. While Wellington’s historic supply of raw land and relatively low development cost traditionally dampened re-sale price appreciation for improved properties, for the first time in Wellington’s history we predict future raw land development/new project construction will diminish as a percentage of total sales activity. *Atlantic Western* forecasts that over the next 2-3 years, higher price appreciation and investment returns will be more likely realized from remodeling/repositioning improved properties than the historical trend of acquiring and developing raw land.

WELLINGTON EQUESTRIAN MARKET
TOTAL GROSS SALES



A closer examination into Wellington's many distinct sub-markets follows:

- **Grand Prix Village & Mallet Hill.** These exclusive equestrian communities have long been recognized as the premier equestrian areas in Wellington due to their proximity to the Showgrounds. During the current survey period, an impressive 80 acres in 16 sales transactions occurred, totaling over \$121mm in sales, representing a blended average sale price of \$1,900,000 p/ac; a 32% price increase over the past 2 years. A considerable component to this activity was the sellout of Grand Prix South, which recorded median price points of \$950,000 p/ac for unimproved tracts. At present 14 improved properties are listed and available for sale in this entire section at an average list price of \$2,178,000 p/ac, reflecting a bid –ask spread of only 14%.
- **Southfields (Sections 21 & 22).** Wellington's original equestrian enclave boasts the closest held and highest concentration of polo & equestrian amenities including The International Polo Club, Grand Champions Polo Club, White Birch Polo Club, the International Dressage Facility, Palm Beach Equine Sports Complex, Crab Orchard Polo, Isla Carroll Polo, Deeridge Farm, together with numerous equestrian and residential components. In the past 2 years, 6 transactions occurred in this section averaging \$334,000 p/ac; most influenced by Grand Champions' acquisition of 38 acres from Palm Beach Polo affiliates. Currently 9 improved properties are listed and available for sale in this section at an average list price of \$832,000 p/ac; a bid –ask spread of over 149% reflecting one of the highest asking prices relative to sales in the survey.
- **Saddle Trail** remains Wellington's premier residential equestrian small lot - alternative, offering 2-3 acre lots with homes and stables all within close proximity to the Showgrounds. In the past 24 months, Saddle Trail recorded 32 sales totaling over \$85,000,000, averaging \$844,000 p/ac for improved properties. This represents a 90% increase in sales volume over the past 2 years, but at static pricing. Currently only 7 improved properties are listed and available for sale in this section at an average list price of \$950,000 p/ac; a bid –ask spread of only 12% reflecting one of the closer asking prices relative to sales in the survey.
- **Palm Beach Point.** For the fifth consecutive reporting period, Palm Beach Point remains one of the most actively traded equestrian sub-markets in Wellington. Since our last report, this area recorded 32 sales, total transactional volume of over \$81mm, with improved property sales averaging \$469,000 p/ac and high points exceeding \$1,000,000 p/ac; reflecting a 36% increase in average pricing since our last report. Currently 16 improved properties are listed and available for sale in this section at an average list price of \$619,000 p/ac, for a bid –ask spread of over 31%.
- **Palm Beach Point East/ Sections 29- 30.** In the past 24 months, 9 sales totaling 58 acres for over \$27,000,000 have been executed in this section. Improved property sale values averaged \$602,000 p/ac and unimproved land sales averaged \$256,000 p/ac; reflecting a 153% increase over the previous reported period.

Currently 5 properties are listed and available for sale in this section including the 95 acre former PB Equestrian Center, and the Saddle Club development (previously sold by *Atlantic Western*), at an average list price of \$293,000 p/ac; a bid –ask spread of 14% reflecting one of the best p/ac values in South Wellington.

- **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, 5 sales occurred on 30 acres at average pricing of \$206,322 p/ac; reflecting a decline in both volume and pricing since our last report. Currently 6 improved properties are listed and available for sale in this section at an average list price of \$350,000 p/ac, for a bid –ask spread of 69%.
- **Section 28** located along prestigious South Shore Blvd. is one of the more mature and closely held equestrian areas in the Village. While only 4 transactions occurred in this section over the past two years, several unusually large trophy properties are currently available including: (i) the recently developed 40 acre western subdivision of Winsome Farm, (ii) the 100 acre Simpatico Polo Farm, and (iii) the 73 acre Jan Pamela Polo Complex offered by *Atlantic Western* which includes 3 polo fields and equestrian infrastructure. 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 infrastructure exclusively to its 11 owners. *Atlantic Western* recently sold the only available property within this club at near record pricing of \$338,000 p/ac.
- **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 12 sales on 73 acres with average pricing of \$336,000 p/ac on unimproved lands (reflecting a 145% increase in appreciation in 2 years) vs. \$368,000 per acre for improved property sales (reflecting a 13% price decline in the same period). Currently 5 improved properties are listed and available for sale in this section at an average list price of \$712,000 p/ac, for a bid –ask spread of 111%. *Atlantic Western* is currently offering a turn-key farm in this section at the best pricing in the sub-market. *Call for details.*
- **Section 34.** Otherwise known as Wellington Preserve, during 2012-3, this section experienced the majority of Wellington's land absorption at very favorable pricing, including *Atlantic Western's* representation of Valiente Polo affiliates in their acquisition and development of the largest private polo facility in Wellington's history. Since then, 9 new sale transactions have occurred on 72 acres at an average price of \$194,000 p/ac, reflecting a 76% increase in appreciation in 2 years. Currently over 160 acres, including the 100 acre Zacara Polo complex, are listed and available in what has emerged as one of Wellington's more important polo concentrations. Call *Atlantic Western* for more details.

- **Rustic Ranches.** Located on Flying Cow Rd., in western Wellington, Rustic Ranches has enjoyed robust equestrian absorption in the past 4 years, offering the best value for equestrian property in Wellington at comparable Loxahatchee pricing. In the past 2 years over 13 transactions on 75 acres have traded at an average price of \$72,000 p/ac, reflecting a 44% increase from previous sales data. The recent construction of a multi-purpose path allowing golf cart as well as equestrian access to the Horse Show, and adjacency to the popular Environmental Preserve/Park, positions Rustic Ranches to outperform in the near term. Current average list prices have accelerated to over \$140,000 p/ac.

Municipal Roadway and Traffic Patterns

Several major new roadway projects have recently been completed and/or are planned that will have a profound impact on Wellington's Equestrian Preserve. Such projects include the planned westerly extension of Lake Worth Rd. from its current terminus at South Shore Blvd. to South Rd. Currently estimated for construction in 2016-7, this extension will facilitate greatly improved access for Palm Beach Point East and Grand Prix South, while also creating a new "southern" Showgrounds entrance for exhibitors. We forecast this project will materially impact property values that enjoy access or close proximity to this new corridor; including the 73 acre Jan Pamela Property currently listed by *Atlantic Western* which represents the largest available tract closest to the Showgrounds. Call *Atlantic Western* for details.



Jan Pamela consists of 73 acres with 3 tournament polo fields, numerous barns & equestrian infrastructure. Located along the future extension of Lake Worth Rd., it is the largest available tract closest to the Showgrounds.

Government, Infrastructure and Development Report

The Village of Wellington Government continues to implement 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) expanding 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 favorably 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 changes in government planning, public policies and projects. Call *Atlantic Western* for details.

Gulfstream Polo Club Update

For over 20 years *Atlantic Western's* principals have been the primary market makers for properties near Gulfstream Polo Club, located on Lake Worth Rd. east of Wellington. As discussed in our last report, principals of *Atlantic Western* assisted in the assemblage, rezoning and \$13,500,000 sale of 65 acres adjacent to Gulfstream Polo to Lennar Homes; now under construction on 250 single family houses known as Gulfstream Preserve. During 2015 *Atlantic Western* also procured the purchase contract for the remainder of Gulfstream Polo Club and surrounding parcels (consisting of 200+ acres) to affiliates of Pulte Homes. Pulte is progressing with development entitlements for a planned 900+ unit residential community. Anticipated to close in May-June 2016, we forecast this historic event will add to further equestrian land appreciation in Wellington.

Southern Blvd./Loxahatchee

As we predicted in 2011 & 2013, the general market expansion has favorably impacted land values as well as proposed developments along western Southern Blvd. Loxahatchee's recent incorporation with fairly restrictive land use ordinances, combined with the planned widening of Southern Blvd. are creating attractive investment opportunities for strategically located parcels and/or those that enjoy unique development entitlements. Current planned projects include the 75 acre PB State College campus and a 25 acre Publix shopping center at the NWC of B Rd. (Binks Forest) and Southern. Immediately west of this parcel, *Atlantic Western* recently listed and sold a 19 acre tract which is being planned for a charter school. Other major available opportunities include the 100 acre mixed use commercial parcel at the NEC of B Rd. and 9 acres of commercial land located between D & E Roads; also with strategic Southern Blvd. frontage. Call *Atlantic Western* for details.

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WELLINGTON

Rustic Ranches

Palm
Beach
Point

Glenspur/Tonkawaya
Orchard Hill La Lechuza
Polo 29

Palm Beach
Point East

Saddle Club

Las Palmas

Saddle Trail

Maller Hill

Horse Show
Complex

Grand Prix

Dressage
Complex

White
Birch Polo

Southfields

Detridge

Crab Orchard Isla Carroll

INTL POLO CLUB

GC Polo

Simpatico Polo

Jan
Pamela
Polo

28

Windsome

leda
Polo

S 40
Polo

Pierson Rd.

Lake Worth Rd.

Pepackon Polo

San
Saba
Polo

Equelust
Polo

27

Patagones

Pony
Express

Santa Clara Polo

50th St. South Rd.

Saddle Club

Las Palmas

Villa
del lago

South Shore Blvd.

33

Everglades
Polo

Valiente
Polo

SJS Polo

Zacara
Polo

34

Iroquois

Homeland

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