

The WELLINGTON LAND Report

Prepared by Atlantic Western Realty Corporation

June 2017 • Volume XII

2017 EQUESTRIAN LAND SUMMARY

“Did we already pass Go?”

Introduction

Operating since 1981, *Atlantic Western* and its principals remain one of South Florida’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 twelfth volume, we highlight those transactions and developments that have occurred since our 2015 report, and provide forecasts as to where we see the market trending.

Current Market Summary

Our 2015 report was headlined “Return to the Top”, reflecting the incredible growth in sales volumes and prices that surpassed previous records. In this 2017 report, we ponder: “Did we already pass Go?” In the past 2 years, over 100 Wellington equestrian land sales occurred on an impressive 1,033 acres for \$480,000,000 in total sales. While the number of sale transactions fell by 30%, total acres sold increased by 30% with a 16% increase in total dollar sales. This coincided with a 10% overall decline in average price per acre.

In 2015, our forecast that higher price appreciation and investment returns would be more likely realized from repositioning improved properties rather than the historical trend of acquiring and developing raw land, proved correct. In the last two years, over 75% of all sales activity involved improved properties including the notable and historically significant major sales of: The

International Polo Club; Isla Carrol; Zacara Polo; Crab Orchard; The Wanderers Club; and the Simpatico Polo Assemblage. The primary takeaway from this data is the **“big boys were at work”** with more acreage trading hands in fewer, but incrementally larger acreage transactions, albeit at slightly lesser p/ac pricing.

Macro-Trends

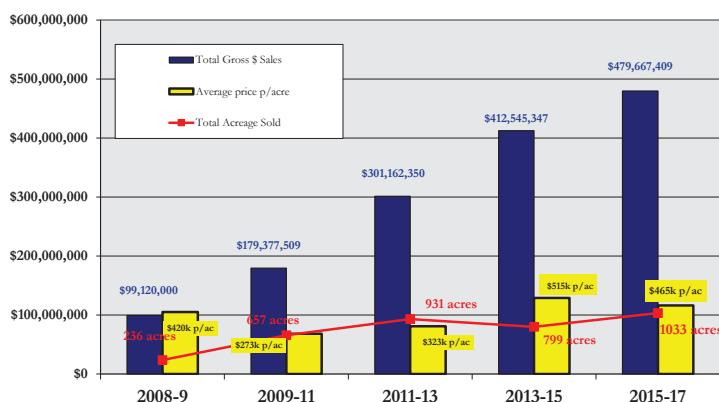
It is always far more difficult to try to call a market-cycle high rather than its nadir. Particularly in Wellington’s unique 40 year history, there have been few recognizable market tops, as price appreciation has continued on a fairly steady incline due to the limited supply of land dedicated to equestrian uses. That being said, we currently see a larger supply of listing inventory, slowing transactional volume and increasing buyer discretion.

According to MLS data, 120 major Wellington Equestrian properties, representing just over 1,380 acres are currently listed for sale. The total asking price or “float” of this inventory currently exceeds \$870,000,000 reflecting an average asking price of \$632,400 per acre; an asking price increase of approximately 8% since our last report.

Current listings suggest a 25% bid-ask spread premium over recent sales which is considerably higher than the 13% spread reported in 2015. Based on recent average p/ac sale price declines and the larger supply of listings, *Atlantic Western* is currently advising the most motivated sellers to realistically price their holdings in order to offer competitive value and to best attract discretionary buyers.

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

WELLINGTON EQUESTRIAN MARKET TOTAL GROSS SALES



- **Grand Prix Village, Grand Prix South & Mallet Hill.** These exclusive equestrian communities continue to be the premier equestrian areas in Wellington due to their proximity to the showgrounds. During the current survey period, 57 acres in 13 sales transactions occurred, totaling over \$117,000,000 in sales, representing a blended average sale price of \$2.6mm p/ac for improved properties. At present over 20 properties are listed and available for sale in this section at consistent listed pricing of \$2,000,000 - \$2,500,000 per acre, reflecting the closest bid-ask spread in our survey.

- **Southfields (Sections 21 & 22).** Wellington's original equestrian enclave boasts the highest concentration of trophy polo & equestrian developments including The International Polo Club (IPC), Grand Champions Polo Club, White Birch Polo, the Global Dressage Facility, Palm Beach Equine Sports Complex, Crab Orchard, Lasserget, and Deeridge Farm. This area reported the single largest percentage of acreage sold in the past 2 years including the historical sale of IPC and Isla Carroll comprising over 248 acres for \$72,000,000 to affiliates of WEP, and the sale of Crab Orchard for \$20,000,000 equating to \$500,000 per acre.
- **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 17 sales totaling over \$39,800,000, and averaging \$930,000 p/ac for improved properties. This represents a 10% increase in per acre average sale prices, but a 46% decline in actual sales transactions since our last report. Currently over 21 improved properties are listed and available for sale in this section at an average list price of \$1,000,000 p/ac; reflecting a dramatic increase in available supply.
- **Palm Beach Point & SunGlade Ranches:** Since our last report, this area recorded 15 sales, total transactional volume of over \$58mm, with improved properties averaging \$625,000 p/ac and high points exceeding \$1,500,000 p/ac. For the first time in the last 10 years, sales volume in PB Point declined in volume while average prices increased by over 20%. Currently over 28 properties are listed for sale in this section at average asking prices of \$717,640 p/ac; which is almost double the for-sale inventory at 16% higher pricing than previously reported in 2015.
- **Palm Beach Point East/ Sections 29 & 32.** In the past 24 months, 12 sales totaling 106 acres and over \$36,000,000 have been executed in these sections. Improved property sale values averaged \$504,000 p/ac and unimproved land sales averaged \$222,000 p/ac; reflecting modest declines in from the previous reported period. Currently over 17 properties are listed for sale in these sections at average asking prices of \$477,000 p/ac; which is more than triple the inventory and at more than 63% higher asking prices than reported in our last survey. The largest component of this inventory is the current listing of La Lechuza Polo for \$39,000,000 or \$629,000 p/ac.
- **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 trophy polo properties including the Equelus, San Saba, Las Monjitas, Pony Express, Santa Clara and Patagones Polo complexes. In the past 24 months, only 2 sales occurred in this section at relative bargain pricing of only \$212,000 p/ac. Currently 4 major properties are listed for sale in this section including Pepacton Polo and Skara Glen at an average asking price of \$729,000 p/ac, reflecting the largest bid-ask spread in our survey.
- **Section 28** located along prestigious South Shore Blvd. continues to be one of the most closely held equestrian areas in Wellington. In the past 2 years, notable sales have occurred in this area including the impressive \$44,000,000 assemblage of over 90 acres including the former Simpatico Polo farm. Section 28 also is the location of the very successful South Forty Polo Club; the only fractional-equity polo club in the United States. In the past 2 years, 4 properties have been sold in this club, the most recent by *Atlantic Western* at record pricing of \$460,000 p/ac. Meanwhile, several unusually large trophy properties are currently available in this section including the recently developed 40 acre western sub-division of Winsome Farm, and the 73 acre Jan Pamela Polo Complex offered by *Atlantic Western* which includes 3 polo fields and equestrian infrastructure.
- **Section 33** otherwise known as Palm Glade, is bordered by South Rd. on the north and the Loxahatchee Wildlife Refuge on the south and is considered one of the more private locations in the Equestrian Preserve. In the past 2 years this area recorded 7 sales on 48 acres at an average of \$352,000 per acre reflecting a slight decline since our last report. Currently 9 improved properties are listed and available for sale in this section at an average list price of \$590,000 p/ac ; reflecting a 17% decline in average asking price since our last report and a 67% bid ask spread, one of the widest in our survey.
- **Section 34.** Otherwise known as Wellington Preserve, this section is now one of Wellington's most important polo concentrations including *Atlantic Western's* representation of Valiente Polo in their development of the largest private polo facility in Wellington's history. In the past 2 years, the Zacara Polo Complex was sold to affiliates of Grand Champions Polo and the La Indiana Polo Team is under construction for their 50+ acre polo complex. The few remaining tracts listed for sale in this area are now averaging asking prices of \$250,000 p/ac and higher. Call *Atlantic Western* for details.
- **Rustic Ranches.** Located on Flying Cow Rd., in western Wellington, Rustic Ranches has enjoyed robust absorption in the past several years by offering the best value for equestrian property at comparable Loxahatchee pricing. In the past 2 years, 13 transactions on 76 acres have traded at an average price of \$80,000 p/ac, reflecting a substantial increase from previous data. Easy access to a multi-purpose path allowing equestrian access to the International Horse Show, adjacency to the popular Environmental Preserve, and convenient proximity to new commercial development on Southern Blvd. positions Rustic Ranches to continue to outperform in the near term. Average list prices on improved land have accelerated to over \$180,000 p/ac with unimproved asking prices now averaging over \$120,000 p/ac.

Government, Infrastructure and Development Report

Affiliates of WEP are seeking approvals to materially redevelop portions of IPC into higher density residential and commercial uses. As of the writing of this report, the applicant has received initial approvals from one of several preliminary governmental advisory committees. We forecast that this plan, if approved and executed, could have a meaningful impact on Wellington equestrian venues and values. While the potential diminishment and possible elimination of world class polo infrastructure concerns many industry participants, similar to the market's reaction to Palm Beach Polo's contraction in the late 1990's, *Atlantic Western* predicts that such impact, while reducing near term supply, could also push the value of the fewer remaining polo properties higher in the intermediate term.

Municipal Roadway and Traffic Patterns

Because of the delicate sensitivity of roads and traffic vs. equestrian interests, new roadway projects always have a profound impact on Wellington's Equestrian Preserve. One such project is the extension of Lake Worth Rd. (aka Gracida Way) which will extend from its current terminus at South Shore Blvd. west all the way to South Rd. and form a new southern entrance to the showgrounds. Currently underway and estimated for final completion in 2017, we forecast this will materially and favorably impact property values that enjoy access to this new corridor; including the Jan Pamela Property, pictured below, currently listed by *Atlantic Western*; the largest available tract closest to the showgrounds. Call *Atlantic Western* for details.



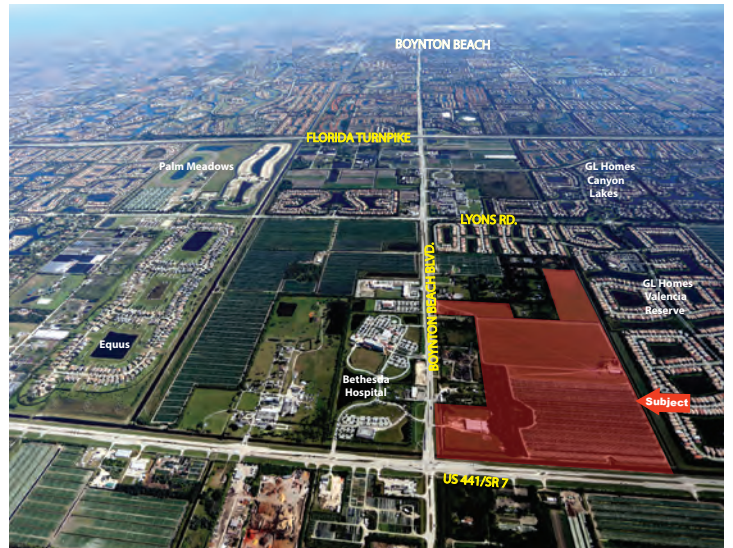
73 acres with three tournament polo fields, 63 stalls, and turn-key polo/equestrian infrastructure, ½ mile from the International Horseshow Grounds, on the new Lake Worth Rd. Extension and zoned to allow sub-division into 7, 10 acre farms.

Surrounding Land Update

In May 2016, *Atlantic Western* completed the sale of the iconic Gulfstream Polo Club to affiliates of Pulte/Divosta Homes; representing one of the larger 2016 land sales in Palm Beach County. *Atlantic Western* currently is offering the last component of this assemblage; a 37 acre site with pending entitlements that will potentially accommodate mixed use/commercial development. These sales and the unfortunate elimination of Gulfstream's polo club infrastructure has and will continue to add market pressure from polo users/buyers seeking alternatives for polo stabling and training facilities. As a result, we forecast displaced polo demand favorably impacting the Wellington market, AG Reserve areas of the 441 corridor, Loxahatchee as well as select areas of Martin County, in the near term.

In anticipation of these trends, *Atlantic Western* is currently offering a variety of interesting alternative and affordable land listings including numerous properties situated along the US 441 corridor south of Wellington; most notably 145 acres located on the strategic corner of Boynton Beach Blvd. and US 441. This tract, pictured below, is ideal for private equestrian/polo development. Call *Atlantic Western* for details.

Atlantic Western is also currently advising the owners of Port Mayaca Polo Club in southern Martin County where plans are being formed to begin offering exclusive equestrian polo properties for sale in 2018.



145 acres of farm land strategically located at the southeast corner of Boynton Beach Blvd. & US 441 only minutes from Wellington. Zoned AGR conservation which permits equestrian uses.

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