

The WELLINGTON LAND Report

Prepared by Atlantic Western Realty Corporation

2021 EQUESTRIAN LAND SUMMARY: AT THE TOP...AGAIN

November 2021 • Volume XV

Introduction

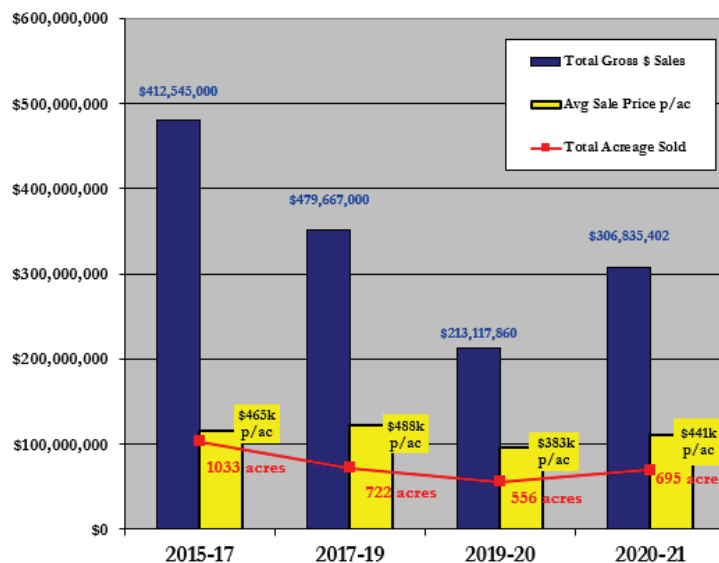
In our 41st year in business, Atlantic Western remains one of South Florida's leading brokers in significant land and equestrian real estate transactions. To assist our clients in identifying market trends, opportunities and values, since we periodically publish *The Wellington Land Report*. In this 15th edition, we highlight transactions and trends that have occurred since September 2020.

Current Market Summary

Our 2020 report was headlined “*The Covid Comeback?*” wherein we illustrated a decline in metrics and questioned how market reactions to the covid pandemic would impact the Wellington land market compared with other real estate asset classes. The data is in and it is impressive.

In the past year, over **81 major Wellington equestrian land transactions were recorded, comprising approximately 700 acres, totaling \$307,000,000 in sales.** These metrics reflect an **astounding 44% increase in total dollar sales, a 25% increase in acreage sold, and a 14% increase in average p/ac (now \$441,000) since our last report.** This average price is heavily weighted by improved vs. unimproved land sales due to Wellington's near build-out status and the scarcity of undeveloped land tracts.

These metrics are even more impressive given that they represent only 12 months of data activity compared to our usual research period of 18 months. More importantly, there are now less than 75 major Wellington Equestrian properties currently listed for sale at roughly the same average price per acre from our last report; the fewest number of available properties since we began publishing market data 24 years ago. This contraction in available inventory now equates to less than a one year



listing supply at only a 140% bid-ask spread, at static pricing. Wellington's land market has never been tighter, and yet with moderate asking prices compared to recent sales.

Macro-Trends & Market Forecast

In our last report, we correctly predicted that the impact of cost-inflation, historically low interest rates and monetary stimulus, evidenced by robust sales of residential real estate (and a shrinking inventory of listings), could favorably increase absorption of equestrian and agricultural land tracts – particularly for the best priced opportunities. We see this trend continuing. Accelerating inflation in both construction/replacement-cost metrics, combined with the potential for disadvantageous tax legislation currently being proposed by Congress (including possible impacts to 1031 trades, higher capital gains and income tax rates) may have the near-term consequence of dis-incentivizing sellers and further reducing listings. And while the unusual flood of the “covid” relocation demand momentum may be behind us, we project that steady buyer demand and fewer sellers will likely keep our land markets extremely tight in the near term.

We also previously forecasted inflating replacement and construction costs might present the redevelopment of existing improved properties as a more compelling bargain than starting new construction on unimproved land. Our takeaway from the current data set is that the impressive per-acre price gains and absorptions that have recently occurred have been most influenced by increases in improved properties, while unimproved land values have remained fairly flat; which now presents perhaps a better price: value opportunity for land buyers.

In July 2021, Wellington Equestrian Partners (WEP), owner and operators of the Wellington Equestrian Festival and Showgrounds (PBIEC) and affiliates of Wellington Global Dressage and the International Polo Club (IPC), announced the formation of a partnership with Global Equestrian Group (GEG) to launch major investments including an 11-acre expansion of and substantial stabling within the Showgrounds, together with a 50-year restriction that guarantees USEF and FEI sanctioned shows on the property; ensuring that PBIEC will continue to be one of the pre-eminent sport horse venues in the world. *Atlantic Western* forecasts that these significant financial and operating commitments into the primary driver and amenity of our local equestrian industry will stimulate demand and only further tighten the surrounding equestrian land market.

Lastly, as further demonstrated in this report, while many other notable equestrian markets (such as Ocala) have experienced recent extraordinary price appreciation, when examined through the lens of percentage changes relative to historical averages, Wellington's metrics (while still the most expensive), remain most compelling due to a closer correlation to historical average sale prices, but with a much lower supply of inventory and at lower bid-ask spreads; all of which present compelling arguments for continued value appreciation.

Wellington Equestrian Sub-Markets

Wellington's specific and unique equestrian sub-markets are more closely examined below:

- **Grand Prix Village, Grand Prix South, Mallet Hill & Southfields.** These exclusive communities remain the premier equestrian areas in Wellington due to their proximity to the showgrounds and Global Dressage. During the current survey period, 14 major transactions occurred (double the volume from our last report) with Grand Prix sales averaging approximately \$2,100,000 p/ac (for improved properties), reflecting a decrease in pricing from previous averages and in some cases presenting meaningful discounts and excellent buying opportunities. One most notable sale to occur in these neighborhoods is the recent sale of the 37 acre White Birch Polo Field complex. At present, only 7 major properties are listed for sale in these sections (a 50% reduction of what sold in the past 12 months) at average listed pricing of \$2,000,000 p/ac; reflecting the unusual combination of pricing at par and a material decrease in listings.
- **Saddle Trail** remains Wellington's premier equestrian smaller lot alternative, offering homes and stables within close proximity to the Showgrounds. In the past 12 months, Saddle Trail recorded 12 major sales averaging \$1,215,000 p/ac for improved properties (a notable 45% increase in average pricing from our last survey). Currently, 14 improved properties are listed and available for sale in this section at an average list price of \$1,488,000 p/ac; reflecting a very conservative 120% bid ask spread.
- **Palm Beach Point & SunGlade Ranches.** In the past 12 months, Palm Beach Point recorded 13 sales, the same number of sales in our previous survey period - at blended average pricing of \$707,000 p/ac with improved properties averaging \$848,000 p/ac. These metrics reflect a significant increase in average sales prices since our last report. Currently only 10 properties are listed for sale in this section (a 50% reduction in inventory since 2020) at average asking prices of \$1,300,000 p/ac, reflecting a narrowed 153% bid ask spread from our last report.
- **Palm Beach Point East/ Sections 29 & 32.** During this survey period, 9 major sales occurred averaging \$278,000 p/ac (double the volume from our last report at 6% higher pricing). Currently, 15 improved properties and 2 unimproved land tracts are listed for sale at an average asking prices of \$674,000 and \$282,000 p/ac respectively. **Atlantic Western** is currently offering one of the only 2 remaining unimproved 5 acre land tracts in this area, opportunistically priced at \$1,450,000.
- **Section 27** is located between 40th & 50th St. and between 120th Ave and 130th Ave. S., with trophy equestrian and polo estates including the Equelus, Iconica, Las Monjitas, Santa Clara, and Patagones Polo complexes. In the past 12 months, 6 properties have traded at an improved/unimproved blended average of \$387,000 p/ac including the pending sale of Pony Express Polo. Currently, 10 properties totaling 137 acres are listed for sale in this Section averaging \$457,000 p/ac. This inventory includes **Atlantic Western's** offering of a strategic 20 acre tract on 120th St. for a reduced price of \$4,900,000 (\$245,000 p/ac); representing the best priced land opportunity in Wellington, and one of the only remaining tracts suitable for the construction of a regulation polo field.
- **Section 28.** Located between 40th & 50th St. and between 130th Ave and 140th Ave. S. and bisected by prestigious South Shore Blvd. during the past 12 months, only 2 properties were sold; both in the South Forty Polo Club, the only fractional-equity polo club in the United States and oldest continuing polo club in Florida within which **Atlantic Western** has been one of the primary market makers. Currently, over 100 acres in Section 28 are listed for sale including over 72 acres in contiguous 10-32 acre parcels of the former Windsome Farms sub-division. Call **Atlantic Western** for more details.
- **Section 33** is bordered by South Rd. on the north and the Loxahatchee Wildlife Refuge on the south and is considered one of the more private, non-gated locations in Wellington's Equestrian Preserve. In the past 12 months only 3 sales occurred this area and currently only 3 properties are listed for sale at an average list price of \$525,000 p/ac; reflecting static pricing since our last report.
- **Section 34.** Otherwise known as Wellington Preserve, this section's impressive absorption and development over the past 7 years has transformed this once vacant section into one of Wellington's most important large equestrian and polo communities including Valiente Polo, Santa Rita Polo, La Indiana Polo and SD Farms Polo. In the past 12 months 6 transactions occurred at a blended average of \$443,000 p/ac including the most recent sale of the 55 acre La Indiana Polo Complex for \$30,000,000. Currently 5 land tracts are available in this area at an average ask of \$447,000 p/ac. Call **Atlantic Western** for details.
- **Rustic Ranches.** Rustic Ranches located off Flying Cow Rd. in western Wellington continues to record impressive sales. In the past 12 months, 16 sales occurred trading at a blended average price of \$194,000 p/ac for improved property and \$97,000 p/ac for unimproved land. At present the inventory listed for sale in this neighborhood has been substantially reduced to less than half a dozen offerings at an average improved/unimproved asking prices of \$255,000 p/ac and \$102,000 p/ac respectively.

THE ATLANTIC WESTERN COMPANIES

3500 Fairlane Farms Road, Suite 9, Wellington, Florida 33414 • 561-832-3400

The Atlantic Western Companies are 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

Offering Highlights

Two examples of extraordinary value opportunity and rare land parcels currently available and listed by *Atlantic Western* include:



This 20 acre farm is strategically located on one of the few paved roads in Wellington's Equestrian Preserve, with close proximity to the International Polo Club and is one of Wellington's few remaining available land tracts that offers existing equestrian infrastructure for both immediate use, and potential upside from equestrian/ polo re-development, with sufficient room for regulation polo field development. Reduced in price to \$4,900,000, it is Wellington's best priced available land tract.



The east half of the 40 acre Windsome Estates consisting of 20 acres (2-10 acre improved plated tracts) offering gated privacy, underground power, city water and close riding proximity to the WEF International Horseshow Grounds. Located at the western terminus of Indian Mound Rd. and immediately adjacent to the iconic Jan Pamela Polo Club, shovelready with all infrastructure complete, this is one of Wellington's most private areas. Priced at \$6,500,000 (\$325k p/ac) it represents one of the best land opportunities in Wellington.

Wellington vs. Other Notable Equestrian Land Markets

Loxahatchee: The Loxahatchee sub-market has continued to record robust price gains from equestrian buyers seeking values close to Wellington. In isolated cases, Loxahatchee asking prices are approaching Wellington's which can dilute the value argument. We forecast the significant price appreciation (which recently outpaced Wellington in historical percentage terms), combined with recent increases government development regulations and enforcement, may slow incremental absorption and further price appreciation in the near term.

Martin County: Land sales in Martin County has experienced terrific activity in the past 12 months. Significant agricultural tracts have been sold including Pine Creek Plantation, Turnpike Dairy Ranch, the Kennah Ranch and the recent announcement that the 1000 + acre Hobe Sound Polo Club is under contract and seeking entitlements for clustered residential development. In the past 12 months *Atlantic Western* completed the 100% sellout of the polo-farm tracts located within the Port Mayaca Polo Club and sold the 160 acre Portales Polo Horse Ranch; both located less than an hour's drive from Wellington. We continue to identify select investment opportunities for agricultural lands in Martin County which continue to offer great relative value for ranch and equestrian land uses. Call *Atlantic Western* for details.

Ocala: Marion County has a rich history of being one of the most important equestrian markets in Florida and the United States, with significant concentrations in thoroughbred breeding and training, 3 day eventing, carriage competitions, polo, western disciplines and a substantial (and growing) number of hunter-jumper/equestrians. The recent completion and operational commencement of the incredible World Equestrian Center Showgrounds has coincided with an explosion in Ocala land sale activity. In the past 12 months over 250 major agricultural land transactions (each exceeding 25 acres) have been executed totaling over 28,000 acres, exceeding total sales of \$450 million, at blended average land pricing of over \$17,000 p/ac with some sales exceeding \$100,000 p/ac depending on extensive improvements and/or proximity to the horseshow grounds. Decreasing and limited remaining inventory for larger tracts (exceeding 50 acres or more) have materially increased average asking prices to well over \$30,000 p/ac, for lands with limited to few improvements and far higher for improved properties. In percentage terms to historic averages these metrics are unprecedented.

Aiken: The Aiken equestrian market, similar to Ocala (in history and multi-purpose disciplines) has also experienced increased activity, with 3 times the number of farms sold in the past 12 months (over 20 acres) than are currently listed and at notable price appreciation to and above levels not seen since before the 2008-9 recession.

Summary: All of these (and other important) equestrian land markets have unique characteristics, lifestyles and intrinsic values that influence their price and sales activity and cannot be fairly compared to one another – with the exception that they all have recently experienced unprecedented percentage growth in price and sales activity compared to historical averages. While Wellington's nominal pricing has and will always remain far higher than these alternatives, we contend that Wellington's metrics including far less supply, and close correlation of asking price:historical average sales present a compelling case for sustainable value.

WELLINGTON

Rustic Ranches

Palm
Beach
Point

Glenspur/Tonkawa

Orchard Hill

La Lechuza
Polo

Palm Beach
Point East

Saddle Trail

Horse Show
Complex

Malibu Hill

Global
Dressage

GC Polo

Iron Spring
Farm

Jedi
Polo

Jan
Pamela
Polo

Windsome

Arellano
Polo

S 40
Polo

Pierson Rd.

Deeridge

Crab Orchard

Isla Caravel

INTL POLO CLUB

Lake Worth Rd.

Pepacron Polo

San
Saba
Polo

Equeluss
Polo

Paragones

Pony
Express

Santa Clara Polo

50th St. South Rd.

Villa
del lago

South Shore Blvd

Saddle Club

Las Palmas

Everglades
Polo

La Indiana
Polo

Santa
Rita
Polo

Valiente
Polo

SD Polo

Iroquois