

The WELLINGTON LAND Report

Prepared by Atlantic Western Realty Corporation

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2020 EQUESTRIAN LAND SUMMARY

“The COVID Comeback?”

Introduction

Approaching our 40th 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 1997 we have periodically published *The Wellington Land Report*. In this edition, we highlight transactions and trends that have occurred since May 2019.

Current Market Summary

Our 2019 report was headlined “Past the Top?” illustrating a decline in total gross sales volume at flattening prices. In the past 18 months, as we predicted, this trend has accelerated. The major question highlighted by the tag line of this report is: *what impact will the Covid-pandemic have on Wellington and South Florida’s land & equestrian markets in the immediate to intermediate term future?*

Since May 2019, 58 major Wellington equestrian and land transactions have been recorded comprising 556 acres, representing \$213,117,860 in total sales. These metrics reflect a 39% decline in total dollar sales, a 23% decrease in acreage sold, and a 21% decline in p/ac sales averaging \$383,000 p/ac since our last report.

For the first time in over 10 years, actual sales volume declined below \$300,000,000 and total acreage traded fell below 600 acres.

Despite these notable contractions, *Atlantic Western* was either the advisor, selling or listing broker in over 30% of the total acreage sold during this period; demonstrating our firm’s continued focus and dominant market share in large acreage transactions.

As of September 1, 2020, approximately 117 Wellington Equestrian properties (representing over 1,300 acres) are currently listed for sale, exceeding \$800 million in inventory at an average asking price of \$610,000 p/ac.

While these data points illustrate contractions in total listing inventory (-15%), and modest declines in average asking prices (-9%), we still have a 3.4 year listing supply at a 160% bid-ask spread.

As further described, we believe the market may be reaching an inflection point that will be materially influenced in the near term by investor reaction to the Covid pandemic.

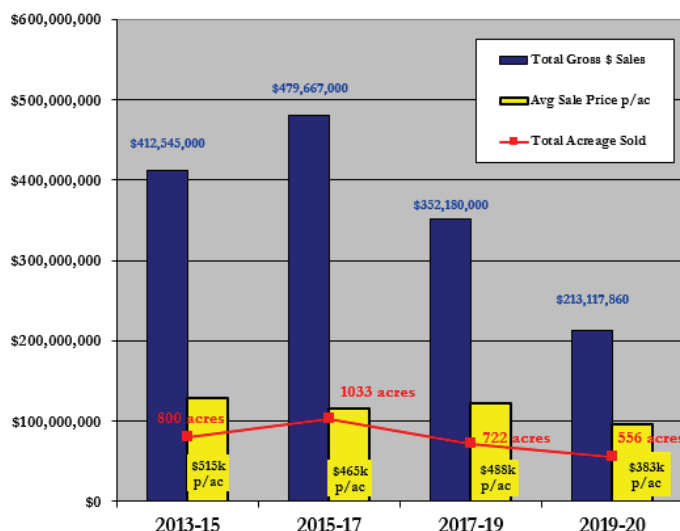
Macro-Trends & Market Forecast

Beginning in late Q1 2020, South Florida’s real estate market, like most in the US, was unprecedentedly shocked with “lockdowns” associated with state and local governments’ reaction to Covid pandemic fears. However, beginning in late 2Q significant pent up consumer demand emerged particularly in the single family housing market. During the past 6 months, South Florida’s single family housing market, similar to many other US suburbs, has exploded across all price points, reflecting robust in-migration/relocations from dense urban population centers; further accelerated by a shrinking supply of listings and new housing deliveries. At the same time, demand for new construction services and supply chain disruptions have materially increased construction and material costs; making existing improved properties all the more valuable.

While not all real estate markets are thriving in this environment (most notably struggling retail, office, and hospitality sectors) we forecast that the unusual combination of accelerating construction cost-inflation, historically low interest rates, robust sales and absorption of single family homes with a shrinking inventory of listings, will materially strengthen South Florida land values near term; particularly in single family development/lot tracts.

Conversely, the Wellington and surrounding equestrian land markets tend to be influenced less by housing demand and more by participation in major equestrian event venues (i.e. horseshow, polo and dressage competitions). It remains to be seen if macro-market conditions will translate into further absorption on equestrian and agricultural (non-development) land tracts – but we predict they

WELLINGTON EQUESTRIAN MARKET
TOTAL GROSS SALES



will, particularly for the best priced opportunities. And because of significant construction cost inflation, and ever increasing regulatory permitting and entitlement costs, we see the best opportunities being those properties with existing improvements that can be more affordably remodeled, than starting with new construction on raw land unless it is aggressively priced to sell. As further discussed, Atlantic Western has several of these opportunities currently listed.

Wellington Equestrian Sub-Markets

In the following report we examine Wellington's specific and unique equestrian sub-markets:

- **Grand Prix Village, Grand Prix South & Mallet Hill.** These exclusive equestrian communities remain the premier equestrian areas in Wellington due to their proximity to the showgrounds. However, during the current survey period, only 3 major transactions occurred at a blended average sale price of \$3,000,000 p/ac for improved properties, representing a significant increase in pricing, but in far fewer transactions. At present 14 properties are listed for sale in this section at average listed pricing of \$2,250,000 p/ac; similar metrics since our last report.
- **Southfields.** 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, Lassergut, and Deeridge Farm. During the current survey period, only 1 major equestrian property sale occurred in this section at \$300,000 p/ac. At present, 4 properties totaling 60 acres are listed and available for sale in this section at average listed pricing of \$971,000 p/ac, equating to a 320% bid-ask spread; the highest in our survey.
- **Saddle Trail** remains Wellington's premier equestrian smaller lot alternative, offering homes and stables within close proximity to the showgrounds. In the past 18 months, Saddle Trail recorded 9 major sales averaging \$840,000 p/ac for improved properties. This represents a 28% decline in p/ac sale price, but a 30% increase in actual sales transactions since our last report demonstrating this area's price elasticity. Currently 11 improved properties are listed and available for sale in this section at an average list price of \$2,068,000 p/ac; reflecting a 15% increase in asking price since our last report and a 246% bid ask spread based on recent absorption.
- **Palm Beach Point & SunGlade Ranches.** In our last report Palm Beach Point demonstrated the healthiest metrics in our survey. In the past 18 months, this gated equestrian and residential community recorded 13 sales, averaging \$406,000 p/ac reflecting a significant decline in average sales price since our last report. Currently 23 properties are listed for sale in this section (a 25% reduction since 2019) at average asking prices of \$846,000 p/ac, reflecting a 200% bid ask spread.
- **Palm Beach Point East/Sections 29 & 32.** In the past 18 months, only 4 major sales occurred averaging \$262,000 p/ac most notably impacted by the \$12,500,000 sale of the iconic 60 acre Orchard Hill Polo Complex. Currently, 16 improved properties and 5 unimproved land tracts are listed for sale at an average asking

prices of \$450,953 and \$206,000 p/ac respectively. **Atlantic Western** is currently offering the very best 10 acre improved farm in this Section, opportunistically priced at \$3,600,000.

- **Section 27** is located between 40th & 50th St. and between 120th Ave. and 130th Ave. S., with trophy equestrian and polo estates including Skara Glen, Equelus, Iconica, Las Monjitas, Santa Clara and Patagones Polo complexes. In 2019, after being listed for sale with other firms for over 6+ years, within 5 months of engagement, **Atlantic Western** completed the \$11,500,000 sale of the 55 acre San Saba Polo Complex; the only significant sale to occur in this section in the past 18 months. Currently, 8 properties totaling 145 acres are listed for sale in this Section averaging \$570,000 p/ac. This inventory includes **Atlantic Western's** new offering of a strategic 20 acre tract on 120th St. for \$5,900,000 (\$295,000 p/ac); representing the best priced land opportunity in the entire Section.
- **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 18 months, property sale values in this section averaged \$241,000 p/ac most influenced by **Atlantic Western's** 2020 sale of the iconic 80 acre Windsome Farm. After being listed on and off the market for over 20 years by other firms, within 9 months of engagement, **Atlantic Western** completed this \$17,450,000 transaction; Wellington's largest recent farm sale. Section 28 is the also the location of the very successful South Forty Polo Club, the only fractional-equity polo club in the United States. 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 18 months no major sales occurred this area and currently only 5 properties are listed for sale in this section at an average list price of \$525,000 p/ac; reflecting an 11% decline in asking price since our last report.
- **Section 34.** Otherwise known as Wellington Preserve, this section's impressive absorption and development over the past 5 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 18 months 7 land transactions occurred at an average of \$242,000 p/ac and one improved sale at over \$1.1mm p/ac; the highest recorded to date in this section. Currently 5 tracts are available at an average unimproved ask of \$328,000 p/ac and 2 improved farms are priced at over \$800,000 p/ac. Call **Atlantic Western** for details.
- **Rustic Ranches.** For the past 5 years, Rustic Ranches located off Flying Cow Rd. in western Wellington, has enjoyed robust absorption by offering a Wellington address at comparable Loxahatchee pricing. In the past 18 months, 13 sales occurred trading at an average price of \$198,000 p/ac for improved property and \$100,000 p/ac for unimproved land. At present the inventory listed for sale in this neighborhood has over 19 properties offered for sale, at an average asking price of \$126,000 p/ac.

Offering Highlights

Two examples of extraordinary value opportunity currently available and listed by Atlantic Western include:



This 20 acre farm offers the unique combination of a strategic location on one of the few paved roads in Wellington's Equestrian Preserve, with close proximity to the International Polo Club and all of Wellington's other major Polo & Equestrian venues. 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, or sub-division. Priced at \$5,900,000 it represents the best value opportunity in all of Section 27.



This 10 acre equestrian farm and homestead is located in Palm Beach Point East and offers close riding proximity to the WEF International Horseshow Grounds. The Property includes an existing 4 bedroom single family home, multiple paddocks, improved and irrigated riding ring, extensive landscaping, drainage infrastructure, and is site plan approved and building permit ready for new stable construction. Priced at \$3,600,000 it represents the best value opportunity in all of Palm Beach Point East.

Surrounding Land Opportunities

- **Palm Beach County's AG Reserve:** Located along the 441 corridor from Lantana Rd. south to Clint Moore Rd., the AG Reserve contains the largest amount of farm land remaining in central Palm Beach County; much of which is protected by either very low zoning and/or conservation easements that allow for equestrian uses. In 2019 *Atlantic Western* represented one of Palm Beach County's most prominent farming families in the largest AG Reserve Conservation Tract sale recently recorded (\$16,300,000 on 150 acres). For long term patient capital and/or equestrian uses, this area presents unique investment opportunity and long term potential upside. Call *Atlantic Western* for details.
- **Loxahatchee:** The Loxahatchee sub-market located just north of Wellington has continued to record robust absorption and price gains attracting equestrians interested in better values with close proximity to Wellington. Recent commercial developments along Southern Blvd. and internal road improvements combine to make Loxahatchee a compelling investment opportunity. *Atlantic Western* recently sold one of the largest Loxahatchee farms for impressive pricing. Other opportunities remain. Call *Atlantic Western* for details.

- **Western Palm Beach County and Everglades Ag Area:** Located west of the L8 canal and north of Southern Blvd. this area of Palm Beach County is dominated by major sugar cane and agri-business owners. *Atlantic Western* recently sold 970 acres for one of the highest prices ever recorded in this area. Like the AG Reserve, this area presents unique investment opportunity and long term potential upside. Call *Atlantic Western* for details.
- **Martin County:** For the past several years, *Atlantic Western* has offered acreage for sale within the Port Mayaca Polo Club; a 200+ acre full-service polo club with 8 polo fields, located just an hour's drive from Wellington. Only 4, 20 acre farm parcels that surround this club remain available, out of the 18 originally offered. To see more, visit the project website at www.portmayacapoloofarms.com or call *Atlantic Western*.
- Located only minutes from Port Mayaca, *Atlantic Western* is also currently offering the Portales Polo Horse Ranch. Originally developed by USPA Polo Hall of Fame legend Memo Gracida, this turn-key 162 acre ranch is improved with 2 polo fields, 3 barns, and supporting infrastructure, with furniture, fixtures and equipment all included and has been re-priced to sell far below replacement cost at \$1,620,000.

THE ATLANTIC WESTERN COMPANIES

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