

THE WELLINGTON LAND REPORT

PREPARED BY: ATLANTIC WESTERN REALTY CORPORATION
DECEMBER 1999 • VOLUME IV

ANNUAL SALES SUMMARY

During the past 12 months, the strong market conditions we reported in our 1998 report have continued unabated. Once again, there have been over 100 transactions recorded in the South District of Wellington including almost 700 acres and representing over \$33,000,000 in sales. Primarily fueled by polo and equestrian development, these investments included both improved and unimproved properties. This activity, which has included speculative construction by builders, has generated some of the highest prices ever paid for equestrian related property. Development of vacant land has now spiraled out from the Palm Beach Polo & Equestrian facilities to touch all geographic borders of what has been dubbed Wellington's Equestrian Preserve. Competition for the remaining in fill sites that are suitable for horse farms has pushed the average price of property to a record \$47,000 per acre.

The following are highlights and a partial summary of activity within the primary equestrian neighborhoods during the past season:

- **The Village Equestrian Project**, being developed by affiliates of Stadium Jumping Inc. and adjacent to Palm Beach Polo Equestrian Center, has made eight more sales since our last report; totaling 48 acres for an average price exceeding \$100,000 per acre. This excludes barn/condo sales in the Canterbury Farms facility within the development.
- **Mallet Hill** has recorded seven sales totaling over one million dollars in the last year. These 1 to 1.5 acre lots situated adjacent to the Palm Beach Polo Equestrian facility have been assembled to create mini-estates and now command comparable prices per acre to the Village Equestrian Project mentioned above.

- **Saddle Trail**, a neighborhood consisting of approximately 2.5 acre lots directly north of the Palm Beach Polo Equestrian Center, has seen over 31 transactions representing almost \$9,000,000 in sales since this time last year. Several speculative equestrian estates with large homes, stables and riding rings have been sold from \$500,000 to almost \$1,000,000. With few remaining vacant lots available the average price has appreciated almost 20% since last year to \$40,000 per acre.

- **Palm Beach Point**. Lot sales volume remained strong as the market recognized this neighborhood as one of the last places to buy vacant land in the Village for under \$20,000 per acre. Over 20 transactions were completed for almost \$3,000,000 with average prices for five-acre lots approaching \$100,000. During the past year a more equestrian friendly board was elected by the Property Owner's and the installation of new privacy gates at the north and south entrances on Palm Beach Point Blvd. is currently underway. **Atlantic Western** believes these recent developments, combined with the construction of larger more expensive estates, will lead to significant price appreciation of the remaining lots.

- **Palm Beach Point East** sales volume has surged with 10 transactions taking place for almost \$3,500,000; the most notable sale being a 20-acre polo estate bought for \$1,175,000. Several other smaller equestrian properties without a main residence have been sold for record prices in the \$500,000 to \$800,000 range. Unlike Palm Beach Point which requires an owner to construct a residence prior to the stables, **Atlantic Western** predicts that land price appreciation in this unique and well located neighborhood will soon outperform the rest of the market. The average five-acre lot now exceeds \$100,000.

Author's Note: In connection with our major presence in Palm Beach County and the Wellington Land market, Atlantic Western Realty Corporation and the related Atlantic Western Companies have prepared our fourth annual newsletter to update our clients on current events affecting the Wellington market with an emphasis on the major equestrian, polo and agriculturally based properties in the South District. Atlantic Western continues to offer value added services to our investors and clients in the Wellington, Palm Beach County and overall S. Florida markets; both in our corporate focus on land as well as commercial real estate assets. We hope that the information provided within this report will be useful to our clients when making real estate related investments and land use decisions.

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- **Section 22** contains some of the largest developed equestrian properties in the entire Village as well as some of the largest tracts of undeveloped residential acreage. It is considered to be an important transition piece that will bridge the gap between low-density equestrian and residential development in the west with higher density housing projects being built by Lennar and Centex to the east. During the past year *Atlantic Western* was successful in selling the remaining 150 acres of the former Flying Orange Ranch lying north of Lake Worth Road Extension to an investor group. Directly north of this property, Outback Polo has constructed a 50-stall barn complete with living quarters, manager's house and polo field on 40 acres purchased for \$1,400,000.

- **Section 27** commonly referred to as the "Meadows" saw a reduction in acreage changing hands during the past year. There were only four transactions for a total of 25 acres that produced sales of \$755,000. The average price per acre now exceeds \$30,000 per acre representing a 30% increase over average prices achieved in this neighborhood last year.

- **Section 28** immediately south of Palm Beach Polo & Country Club along South Shore Blvd. has seen several multi-million dollar equestrian estates constructed on large parcels acquired during the 1998 season. During the past year, two arms length transactions have taken place, both of which were located in the South Forty Polo Club, an exclusive development of five acre properties sharing a polo field and exercise track. Both properties were purchased by professional polo players

and produced record setting sales. The last vacant lot was sold for \$41,500 per acre and an 18-stall polo barn with living quarters sold for \$700,000.

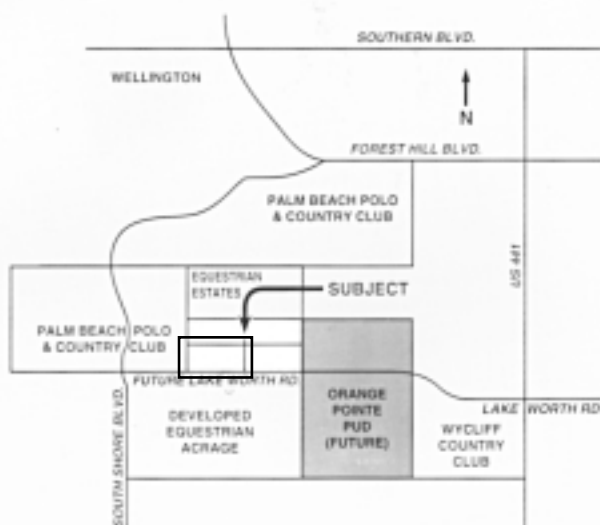
- **Section 33** bisected by South Shore Blvd and bordered by Homeland Road to the north and the Loxahatchee Wildlife Refuge to the south experienced a surge in activity during the past twelve months. Over 124 acres were bought and sold in ten transactions, the most notable being the sale of 40 acres to a private polo patron for \$1,775,000 or almost \$45,000 per acre. The new owner has removed some of the existing barns and completely re-engineered the polo field. Last year, *Atlantic Western* reported the average price per acre of vacant land in this area at \$19,500, this year the average price has rocketed to over \$32,000 per acre.

Government, Infrastructure and Development Report

1999 was a critical transition year during which the Village and its municipal government managed the internal growth of departments and facilities as well as many complex external matters including major zoning, environmental and regulatory and legal issues. The year 2000 will prove to be even more challenging with municipal elections scheduled in March for 3 of the 5 council seats. Some of these issues which are of extreme importance to the Village residents and landowners are highlighted as follows:

During 1999, the Village of Wellington Comprehensive Plan was adopted after extensive efforts and contributions by Vil-

Premier Equestrian/Future Development Acreage adjacent to Palm Beach Polo



- Size:** 55 Acres MOL
- Location:** Situated between Grand Isle PUD (future 1,500+ unit development) and immediately east of Southfields at Palm Beach Polo, with Lake Worth Rd. Extension frontage.
- Zoning:** AR - Agricultural
- Improvements:** Polo Field under construction
- Utilities:** City - Water, Phone, and Electric

Represents the largest undeveloped tract remaining next to PBP&CC.

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lage staff, council members and the Comprehensive Task Force sub-committees. Brad Scherer of *Atlantic Western*, contributed to this effort as a member of the Land Use Sub-Committee and Comprehensive Plan Task Force. Already, because of the dynamic and evolving nature of Wellington's development, municipal and water management issues, important segments of the plan are under review and significant modifications are being considered. One of these is the Transfer of Development Rights Ordinance (TDR). The original Comprehensive Plan conceptually provided for the private and public sectors ability to transfer existing development rights within the Village. Because of recent court decisions and applications for potential transfers from and to sensitive areas within the Village, Council members have elected not to adopt any vehicle for transferring development rights at this time.

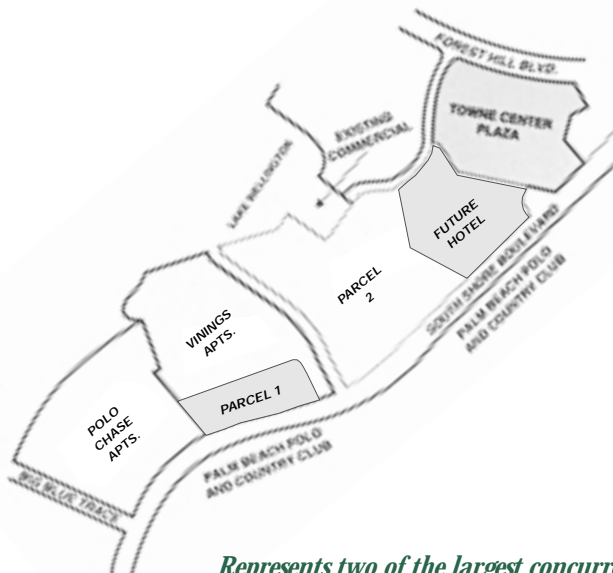
Another key segment of the Village's future growth will be the development of the 441 corridor. The manner in which this important highway is ultimately developed will have a permanent impact on the all Village residents and businesses, including traffic patterns, land uses and values, and the Village's general quality of life. Some major developments that are already underway will define these issues including the Taubman Mall, Minto Project, and other residential parcels. The Village, in concert with the Greenacres and Royal Palm Beach municipalities have entered into a joint inter-local agreement to comprehensively study the 441 corridor and develop recommendations for compatible land uses that will benefit the long term interests of the entire area.

Each and every modification of the Comprehensive Plan as well as the 441 Corridor Study will have profound impacts on the future development and growth of the Village. Existing as well as potential clients, residents and investors within Wellington, should carefully consider these elements and how it may impact their investment decisions. *Atlantic Western* provides consulting, advisory and land planning services to select clients in providing in-depth analytical as well as strategic marketing and land use recommendations.

The Village of Wellington's municipal growth has continued this year with the notable expansion of local government and public services. The staffing of many departments and services as reported in our last report has continued, including local Planning & Zoning, Engineering, Legal and a Building Departments. Expanded municipal facilities in 1999 have been dominated by parks and recreation, including the development of 17 acres located at the intersection Greenview Shores and Greenbriar into a softball field, and the Village's recent acquisition of the Wellington Club East property on Forest Hill Blvd. This property's large meeting hall, administrative offices, Olympic pool and tennis court facilities are being completely refurbished for public use.

The continued expansion of local government facilities, services and staff to meet the needs of the Village's autonomy and anticipated growth, has resulted in the expansion of the Village's total operational budget (utilities, operations, & capital) from \$37,953,589 in fiscal 1998 to \$42,219,642 in fiscal 1999-00;

Commercial Opportunities on Southshore Boulevard and Lake Wellington



	<u>PARCEL 1</u>	<u>PARCEL 2</u>
Size:	4.75 ± acres - pending office development 1 Acre outparcels available	20 acres
Location:	Immediately east of Polo Chase;	Immediately west of Towne Center plaza
Frontage:	750' South Shore Blvd. Frontage	655' South Shore Blvd. Frontage
Zoning:	Approved for Commercial uses under Wellington Master Plan /PUD	Approved for Commercial uses under Wellington Master Plan/PUD
Approved Uses:	Retail, restaurant, office, banking	ACLF/Commercial
Utilities:	City-Water, Sewer, Phone, Electric	City-Water, Sewer, Phone, Electric

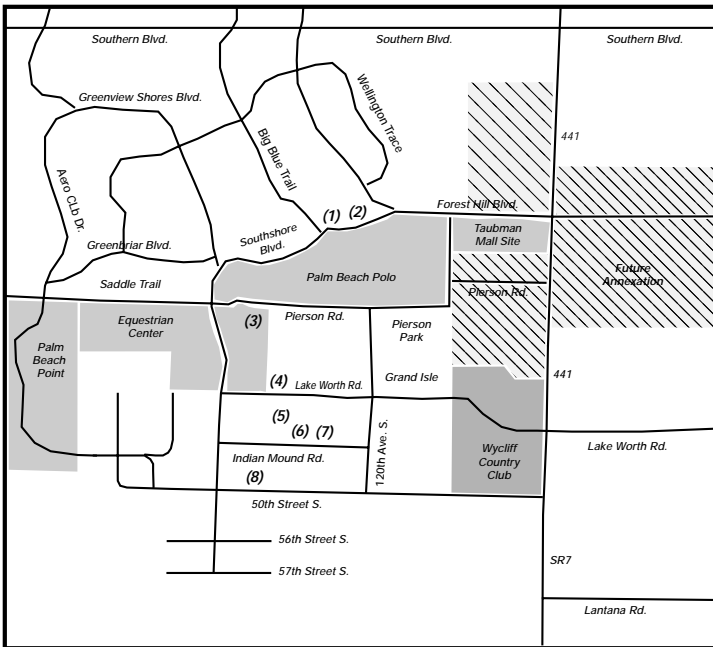
Represents two of the largest concurrency exempt commercial sites remaining in Wellington.

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ATLANTIC WESTERN CURRENT WELLINGTON LISTINGS

CALL FOR DETAILS: 561-966-5878

- (1) 37,000 sf. proposed office building with one-acre outparcel, on South Shore Blvd.
- (2) 20 acres approved for ACLF/Commercial on S. Shore Blvd.
- (3) 20 acres with stables.
- (4) 55 acres pending subdivision and polo field.
- (5) 10 acres with 3/2 house, 2 car garage, pool.
- (6) 10 acres with small barn, fenced pasture well & electricity.
- (7) 10 acres with private estate home and stables.
- (8) 5 acres on 50th Street (Homeland Road). (under contract)
- (9) 15 acres with 24 stall barn, house. (under contract) (not shown)



representing a three fold increase from the pre-incorporation budget. This increase is anticipated to be financed by a combination of proposed long and short term borrowings through bond issuance, increases in real estate taxes, and anticipated impact, permit and other fee revenue from future developments.

The geographic growth of the Village, as reported in *Atlantic Western's* 1998 Wellington Land Report, has continued with the 1999 annexation of major tracts east of the current incorporation boundary. These include: 1) A 226 acre property lying west of US441, south of Pierson Road and north of Wycliffe Country Club; 2) The Drexel Property consisting of 1600+ acres currently under contract by Minto Homes; 3) The Taubman Mall property; 4) 237 acre Black Diamond Nursery. Several other properties including the Wellington Regional Hospital, and surrounding medical properties, as well as the Pierson Rd. corridor are expected to be annexed within the next year. It is estimated that these and other anticipated developments in the US 441 corridor and Village annexation plan might ultimately generate over 10,000 new residential dwelling units to the community. These developments, together with the scheduled year 2002 opening of the Taubman Mall on 500 acres at the southeast corner of Forest Hill Blvd and US 441, will maintain Wellington's current status as one of the fastest growing addresses in all of South Florida.

Environmental & Entitlements

During the past year, *Atlantic Western* has assisted clients in negotiating complex environmental issues that have evolved within the Village. For many years property owners in the Acme Improvement District received clearing and building permits from the County and South Florida Water Management District (SFWMD). Since incorporation, this has been shifted where local permitting is now obtained through the Village. More importantly, the U.S. Army Corps of Engineers (ACOE) has recently taken special interest in Wellington's development. The ACOE now asserts permitting authority on cleared and drained lots as small as 1/3 acre, where previously no agency approvals were required and/or enforced. Property owners are left to ponder the questions, "What government agency has jurisdiction?" and "What exactly are wetlands?" Not surprisingly, these answers vary depending on which agency you are asking, and for which type of land use or development. The confusion this has created in the marketplace has impacted many developments and has prompted some hesitation with respect to unimproved properties. Brad Scherer, president of *Atlantic Western* was appointed by the Village Council to serve as a member of the Wetlands Task Force to consider and develop community wide solutions to this problem. The Village has also formed a highly qualified team of outside legal and engineering consultants to address the material legal and regulatory

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issues facing Basin B (the Village's South District) and the Village's overall drainage plan. Residents and potential investors should carefully monitor this process. Long term solutions and agreements reached will have profound impacts on taxes, land values, permitting and drainage rights throughout the Village.

Roadway and Traffic Patterns

The biggest "traffic" news in the 1999-2000 continues to be the massive US 441 expansion project is currently under construction to provide a six lane thoroughfare from Southern Blvd. to Lake Worth Rd. In spite of this expansion, large amounts of this new traffic "capacity" will be absorbed by several pending projects including the Minto Project and the Taubman Mall. Traffic performance standards and their implication on development concurrency continues to be the defining issue for new development approvals along or near the 441 corridor. *Atlantic Western*, together with key engineering and traffic specialists remain integrally involved in these issues and can provide comprehensive advisory and strategic marketing services to owners and prospective purchasers of land impacted by these issues.

Portions of Forest Hill Blvd. are also planned to undergo extensive expansion in the near future in concert with the development of the Taubman Mall. The project is currently anticipated to expand Forest Hill to six lanes from S. Shore east to 441. Until Southern Blvd. and US441 are sufficiently expanded, Forest Hill Blvd. will continue to be strained by pass through traffic. Future widening appears inevitable to accommodate not only the Mall and Minto projects but for new apartment and office construction underway near Wellington Regional Hospital.

Pierson Road improvements were recently completed to provide safer access to Pierson Park, the Village's primary public park consisting of ball fields and a gymnasium. These included guard rails along the canal and traffic calming features and horse crossings with caution lights and rubberized surfaces. Pierson Rd. is poised to become an important east-west thoroughfare in the next 2 years. Plans are underway to extend and straighten the road east to 441, and eventually beyond to Lyons Rd. within the Minto Project east of 441. This development will re-position Pierson Rd. from its current "local" street to one of the Village's primary east-west arteries.

Major Developments

Major new proposed Wellington developments currently in the planning and or development stages include:

- The 1.5mm sf Taubman Mall, together with related outparcel developments including retail, hotel, commercial, ACLF and multi-family units is anticipated to begin construction in 2002. Preliminary site work has already commenced. Announced anchors for this major project include Lord & Taylor, JC Penneys, Burdines and Dillard's.
- 112 multi-family units known as Arissa Place has recently been constructed along Greenview Shores Blvd., opposite Wellington High School. Some units are ready for rent this season.
- 366 multi-family units are currently being built by Gables Residential on behalf of Bainbridge Development immediately west of the Wellington Regional Hospital along Forest Hill Blvd. in the Wellington Edge Community.
- 300 multi-family units are planned by the Related Companies for an upscale townhome project to be located within Palm Beach Polo & Country Club just west of the South Shore and Forest Hill intersections.
- During 1999 *Atlantic Western* represented foreign investors in the sale of 4.75 acres of commercial property along South Shore Blvd. for \$800,000. *Atlantic Western* also assisted the buyers in the approval of a site plan containing two one-acre outparcels and a 37,000 sf office building. Site work and preleasing for this mixed use project is currently underway.

For additional information on any of the topics discussed in this issue, please contact:

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