

2013 Planned Community Outlook

Presented to:

ULI Community Development Council Gold
ULI Spring Council Forum
San Diego, California

Gregg Logan, Managing Director | MAY 16, 2013

▶ **Overview**

- Update on the top selling master-planned communities

▶ **Case Studies**

- Brief synopsis of top communities, what's selling and why

▶ **Trends**

- What does this mean for 2013?

Sales in the top 20 MPCs have increased over 37% since 2011. Strong gains in communities located in Nevada, Florida, and California, and continued strength in Texas.

Rank 2012	Rank 2011	Name	Location	2012 Sales	2011 Sales	% Change
1	1	The Villages	Ocala, Florida	2,851	2,307	24%
2	4	Irvine Ranch	Orange Co, California	1,436	744	93%
3	2	The Woodlands	Houston, Texas	1,007	945	7%
4	3	Cinco Ranch	Houston, Texas	982	862	14%
5	7	Mountain's Edge	Las Vegas, Nevada	948	434	118%
6	8	Providence	Las Vegas, Nevada	760	421	81%
7	15	Riverstone	Houston, Texas	605	302	100%
8	5	Alamo Ranch	San Antonio, Texas	583	490	19%
9	9	Lakewood Ranch	Sarasota, Florida	573	391	47%
10	14	Nocatee	Ponte Vedra, Florida	508	313	62%
11	11	Stapleton	Denver, Colorado	507	380	33%
12	25	Summerlin	Las Vegas, Nevada	471	221	113%
13	6	Brambleton	Washington, D.C.	466	454	3%
14	-	Lake Nona	Orlando, Florida	441	164	169%
15	13	Bridgeland	Houston, Texas	423	334	27%
16	18	Sienna Plantation	Houston, Texas	387	267	45%
17	17	Shadow Creek Ranch	Houston, Texas	362	277	31%
17	23	FishHawk Ranch	Tampa, Florida	362	229	58%
19	-	Woodforest	Houston, Texas	308	-	-
20	10	Telfair	Houston, Texas	307	381	-19%

More top communities in Texas than anywhere else, but the most improved are in Nevada and Florida:

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- The most successful MPCs are special places in their respective markets, clearly differentiated from standard subdivisions
 - *Attention to detail, higher quality built environment, and superior lifestyle offering*
- Once again realizing premiums for lots

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#1 The Villages

- 2013 current pace: 500 sales per month
- Delivering lifestyle at a fixed price
- Average Villager buys three times—buy, move-up, move-down
- Community Development District funded infrastructure—like MUDs in Texas
- Facilitating interaction—like a college town
 - Design
 - Coordinators
 - Parties, music, fun
 - Stay and Play
- Retail town centers, bowling, lots of golf
- Sophisticated marketing

HOME

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"I don't know how much happier I can get than right now."
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For more information call:
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The Villages

The Villages Sales and Info Process



- Length of Time: 4 night minimum – 10 night maximum stay*
- Cost: \$175/night peak season (winter); \$100/night off season (spring/summer)
- Where you stay: A 3 Bedroom/2 Bath Gated Villa
- Included in your stay: A golf cart, 2 bikes, and activities schedule tailored to individual interests

*Alternative to stay in one of the four hotels if you want to stay fewer nights (not recommended)

#2 Irvine Ranch

- Thoughtful long-term planning, great schools, abundant parks, trails and open space, retail centers, proximity to job centers
- Fostering high quality of life and long-term investment value
- Lots of research on what their consumers really want and value
- New Village opening in 2014 will have seven builder programs at the start
- **2013 outlook:** demand as strong as 2004 and 2005, but don't have enough lots, so watch prices increase
- Buyers: 50% move-up within Irvine; family-oriented; seeing increase in ethnic and foreign buyers
- Evolving product and floor plans
- Solar program is their biggest new green investment
- Attached product is the fastest growing segment:
 - First time buyers see rent getting too expensive and buying seems safe again



Houston MPCs

- Sales up 25%+ Houston but not in mature communities such as The Woodlands and Cinco Ranch
 - Less product diversification
 - Approaching build-out
- Houston communities with fewer land constraints such as Bridgeland and Riverstone increased sales above the market
- Demand is up but lot development continues to lag absorption
- Lot inventory is at its lowest level in nearly 10 years—true in Austin and Dallas as well
- Builders skeptical that MPCs can keep up with demand and are self-developing smaller communities in the absence of sufficient new replacement master-planned communities



#3 The Woodlands; #15 Bridgeland

- **#3 The Woodlands** selling its last lots, has the most starts of any community in Houston (Howard Hughes)
- **The Woodlands** historically negotiated lot sales with builders but this year bid them out
 - Record prices, 100% above prior negotiations
 - High-end of market has come roaring back; want large lots
- Outlook:
 - Strong job growth and new lot/home scarcity increasing demand, will drive up prices at least 6%
- **#15 Bridgeland** co-branding with The Woodlands beneficial
 - Strong across all price points and homes in \$400,000s (70' lots) especially
 - Village Builders increased price per foot for \$300,000s product and doubled sales
 - TND neighborhood doing extraordinarily well—better architecture sells
 - Product planned as move-down, but appealing to broad segments of the market
 - Next up: add a rear-loaded duplex product as entry-level and 30' lot product near retail village



Bridgeland Activity Center Amenity

#5 Mountain's Edge; #6 Providence

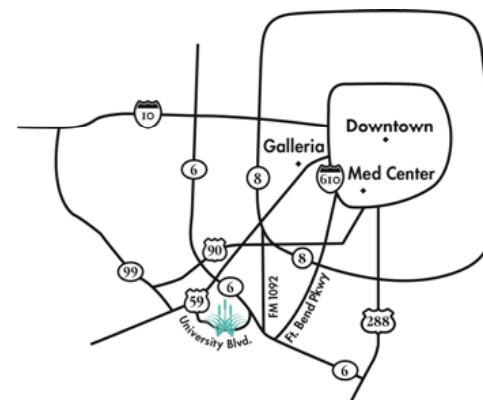
- Top Las Vegas MPCs, came back twice as fast as the LV market
- Focus Property Group managed to keep them in the top 10 fastest selling MPCs throughout the downturn
- Why?
 - Keeping up aggressive marketing campaign
 - Social media
 - Continued to open new parks, finish infrastructure
 - Builders offering features not in resales
 - More energy savings; mother-in-law suites; two-family layouts; single-story, etc.
 - Keeping up special event schedule
 - Reductions in resale inventory
 - Low interest rates
 - Brokers pushing buyer to new home communities
 - Builders paying them incentives
 - Pent up demand; retirees from California
- 2013 Outlook: Stronger than 2012; 165 sales in the first two months of the year in Mountain's Edge and 93 in Providence
- Finished lots are gone, its all raw dirt sales to Builders, every deal is multiple bids, buying bigger chunks than last year



#7 Riverstone, Houston

- A Fort Bend area master-planned community of quality homes, water features, and resort-style amenities
- Johnson Development took it from 300 sales in 2011 to 605 in 2012
- Avalon, a Taylor Morrison concept within Riverstone, did 150 sales
- How:
 - Benefitting from Telfair (Newland) reaching build-out
 - Tapping into the ethnic market, one that Telfair successfully captured (70-80% of buyers in Telfair were Indian, Middle Eastern, Asian)
 - Buyers attracted to the high quality schools and superior access to jobs
 - Superior access is critical—well executed communities with good schools but less desirable access do not attract these buyers

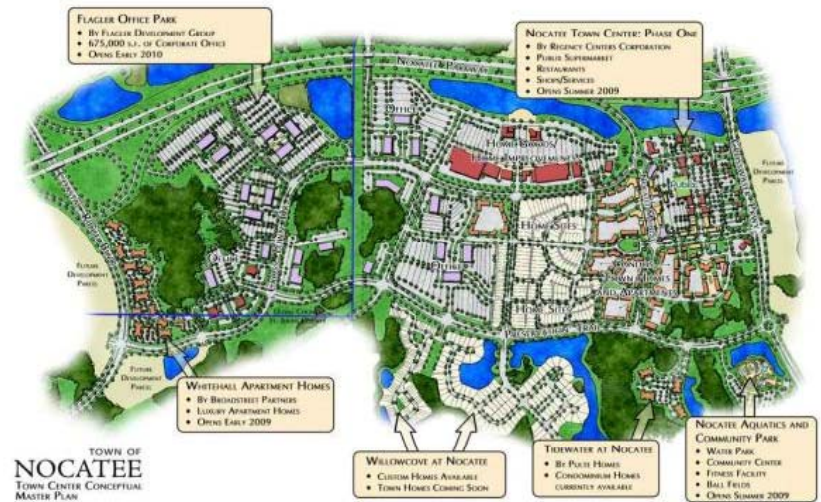
The
Johnson
Development Corp.



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#10 Nocatee, Ponte Vedra FL

- 500+ sales, up 62%
- Why:
 - Improving economy
 - Increased consumer confidence
 - Great amenity program compared to others
 - New \$20 million waterpark, \$200 million in new infrastructure
 - "Directors of fun" that create events, and help create the lifestyle
 - A definitive segmentation program, \$150K to \$1M
 - Creating a new town, not just a master-planned community
 - "Same houses are available everywhere, important to keep coming up with new things to make people want to be in this particular community"
 - Able to set the terms with the builders because they know that they need to be in the community
 - Key selling factors continue to be the strong reputation of the developer, quality schools, people feeling safer buying in an MPC, job proximity



- There is once again strong market demand for homes and lots in MPCs, as demonstrated in both mature and relatively new communities
- Though MPCs are once again realizing premiums for homes and lots, the economics of launching new MPCs are challenging
- One of the biggest challenges with new MPCs wanting to take advantage of this is the upfront infrastructure costs—use of MUD's and PID's in Texas and CDD's in Florida may point the way
- Some markets like Phoenix that seemed very oversupplied a year ago and are now supply constrained as the market has turned around
- MPCs with good access to job centers, or able to tap the growing AAC demand, have the strongest sales
- Prices of labor and materials continue to go up as residential recovery continues—will prices keep up?
- Used to be 50/50 public and private builders, not so going forward, it's becoming 80% public because of the cost of and access to capital for the privates—implications for MPCs

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