

WCI sets pace for northern Palm Beach development

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The signs in north Palm Beach County are everywhere.

From high-end retail, offices and condominium towers being built around the Gardens of the Palm Beaches mall to the seven-figure homes overlooking golf courses in Jupiter and Palm Beach Gardens, the John D. and Catherine T. MacArthur Foundation land sale continues to fuel growth.

Five and a half years ago, WCI Communities paid \$227.5 million for the foundation's bountiful land portfolio, spurring one of the biggest development booms in South Florida history.

These days, projects from Bonita Springs-based WCI and the host of other developers it sold land to are now reaching the market.

In late July, the Jupiter Town Council gave WCI the nod to transform its largest piece of former MacArthur land - an 858-acre tract known as Parcel 19 near the northwest corner of Indiantown Road and Florida's Turnpike - into a golf course community. WCI plans to phase in 780 homes, two 18-hole golf courses, 50,000 square feet of commercial space and a 230-bed hotel. WCI has spent about \$1 million to plan the project and pledged \$900,000 in traffic impact fees to Jupiter.

WCI and other developers had been chomping at the bit for years to buy the nearly 15,000 acres amassed over the years by John D. MacArthur, an insurance magnate who died in 1978. After years of slow and deliberate land sales, the foundation abruptly dumped nearly everything in 1999.

"MacArthur didn't really sell that much before that. He held onto pieces and sold them at a very, very slow pace," said Randall Greene, director of development at Catalfumo Construction and Development, which bought 300 acres of former MacArthur land from WCI, then sold off about 200 of them. "All of a sudden, when the MacArthur portfolio opened up, it was like the California gold rush."

'Different from the rest'

After the deal went down, Palm Beach County Commission Chairwoman Karen Marcus remembers sitting down with WCI CEO Al Hoffman and the mayors of Palm Beach Gardens and Jupiter.

"We told [Hoffman] we were different from the rest of the county - and we weren't Bonita Springs, either," she said. "That means we want preservation and also quality development."

She said the cities and developers have handled most of it well. The one element she said is missing is workforce housing.

"When I think back about what we've been able to do, while it's been done in

great quality, it's also been done in a high-end fashion and that has increased the tax base for the cities as well," said Charlie Brasington, president of WCI's Florida east coast region.

The strategy of WCI and Hoffman was to sell land that couldn't be developed, like farmland in Martin County and environmentally sensitive wetlands, which represented about half of the entire portfolio, Brasington said.

WCI also sold prime land that could be developed quickly. The land it kept was viewed as good long-term investments that would be valuable after entitlements were obtained, Brasington said.

WCI still owns about 2,100 acres of former MacArthur property and plans to continue developing it well into 2010, WCI spokesman Kyle Reinson said.

More immediately, the \$1.2 million to \$1.4 million homes in the Old Palm Golf Club are now coming to market in Palm Beach Gardens. Several professional golfers and football coaching legend Don Shula have already bought properties. Old Palm's 294 homes, surrounding a 19-hole golf course and a driving range, will be on 651 acres at the northeast corner of PGA Boulevard and Florida's Turnpike.

A high-end community

Since it's a high-end community, it is expected to take several years to sell out, Reinson said. To mitigate the removal of some designated wetlands from Old Palm, WCI is spending \$1 million to convert a 100-acre tomato field along the Martin-Palm Beach County line - also part of the MacArthur purchase - into wetlands.

WCI also has sold about 300 homes in its 364-acre Evergrene, which sits south of Donald Ross Road between Alternate A1A and Military Trail in Palm Beach Gardens. The company plans to build 1,000 homes with sale prices from \$200,000 to \$800,000. The project is expected to sell out in 2005, Reinson said.

Further east, WCI is planning a waterfront community on 64 acres, known as Parcel 32, on Donald Ross Road at the Intracoastal Waterway in Juno Beach.

The site houses 84 waterfront lots, but WCI is still working with environmental groups and county planners to win final building approvals.

WCI has already begun building townhomes, condos and row houses at its 42-acre CitySide in West Palm Beach. The 375-unit development sits on a former golf course along Congress Avenue just south of Palm Beach Lakes Boulevard. Prices range from \$200,000 to \$300,000.

While WCI is now turning former MacArthur properties into homes, it recouped its acquisition investment a few years ago. The company cut deals valued at \$132.5 million to sell 2,200 acres at closing to pay down the \$227.5 million

purchase price. Since then, WCI raised more than \$247 million by selling an additional 10,300 acres.

"If you look at it in today's terms, it's pretty much a bargain, but not everybody knew the market was going to get this hot," said John Tompson, VP of Kolter Property Co.'s Palm Beach division, which built apartments and condos on 94 acres it bought from WCI.

The MacArthur land WCI sold off has turned into huge projects for builders such as Catalfumo, Toll Brothers DiVosta Homes and Menin Development. These projects have attracted wealthy residents and high-end retailers from across the country and transformed the face of north Palm Beach County, real estate watchers say.

"They [WCI] had the vision and the pockets to come in and get this stuff and it's come up aces for them," said Jason Sundook, an office broker with NAI/Merin Hunter Codman in West Palm Beach. "Everything they've touched has seemed to turn into gold."