RCLCO

# SPECIAL REPORT

## MASTER-PLANNED COMMUNITIES 2016

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# THE TOP SELLING MASTER PLANNED COMMUNITIES

| Rank | MPC | MSA | Location | State | 2016 Sales | 2015 Sales |
|---|---|---|---|---|---|---|
| 1 | Irvine Ranch | Los Angeles–Long Beach | Orange County | CA | 1,989 | 1,674 |
| 2 | The Villages | Ocala | The Villages | FL | 1,966 | 2,294 |
| 3 | Nocatee | Jacksonville | Ponte Vedra | FL | 973 | 1,105 |
| 4 | Lakewood Ranch | North Port-Sarasota-Bradenton | Sarasota | FL | 775 | 535 |
| 5 | Summerlin | Las Vegas-Henderson | Las Vegas | NV | 769 | 602 |
| 6 | Great Park N'hoods | Los Angeles–Long Beach | Irvine | CA | 590 | 282 |
| 7 | Cane Bay Plantation | Charleston-North Charleston | Charleston | SC | 569 | 520 |
| 8 | Inspirada | Las Vegas-Henderson-Paradise | Las Vegas | NV | 564 | 389 |
| 9 | Westridge | Dallas-Fort Worth-Arlington | McKinney | TX | 528 | 472 |
| 10 | Paloma Creek | Dallas-Fort Worth-Arlington | Dallas | TX | 515 | 450 |
| 11 | Eastmark | Phoenix-Mesa-Scottsdale | Mesa | AZ | 502 | 554 |
| 12 | Lake Nona | Orlando-Kissimmee-Sanford | Orlando | FL | 495 | 500 |
| 13 | Stapleton | Denver-Aurora-Lakewood | Denver | CO | 471 | 665 |
| 14 | Rancho Mission Viejo | Los Angeles–Long Beach | San Juan Capistrano | CA | 458 | 302 |
| 15 | Vistancia | Phoenix-Mesa-Scottsdale | Peoria | AZ | 453 | 466 |
| 16 | Daybreak | Salt Lake City | South Jordan | UT | 452 | 415 |
| 18 | Baker Ranch | Los Angeles–Long Beach | Lake Forest | CA | 443 | 355 |
| 19 | Riverstone | Houston–Sugar Land | Fort Bend County | TX | 441 | 609 |
| 20 | Aliana | Houston–Sugar Land | Fort Bend County | TX | 426 | 443 |

*Source: RCLCO*

# THE TOP SELLING FLORIDA MASTER PLANNED COMMUNITIES OF 2016 (OF TOP 50 NATIONALLY)

| US Rank | FL Rank | MPC | MSA | Location | State | 2016 Sales |
|---|---|---|---|---|---|---|
| 2 | 1 | The Villages | Ocala | The Villages | FL | 1,966 |
| 3 | 2 | Nocatee | Jacksonville | Ponte Vedra | FL | 973 |
| 4 | 3 | Lakewood Ranch | North Port-Sarasota-Bradenton | Sarasota | FL | 775 |
| 12 | 4 | Lake Nona | Orlando-Kiss-Sanford | Orlando | FL | 495 |
| 32 | 5 | Summerlake | Orlando | Winter Garden | FL | 348 |
| 33 | 6 | Ave Maria | Naples-Fort Myers | Naples | FL | 342 |
| 35 | 7 | Tradition | Port St. Lucie | St. Lucie | FL | 321 |
| 36 | 8 | Bartram Park | Jacksonville | Jacksonville | FL | 318 |
| 38 | 9 | Waterset | Tampa-St. Pete-Clearwater | Apollo Beach | FL | 315 |
| 42 | 10 | Viera | Melbourne-Palm Bay-Titusville | Viera | FL | 313 |
| 44 | 11 | FishHawk Ranch | Tampa-St. Pete-Clearwater | Lithia | FL | 300 |

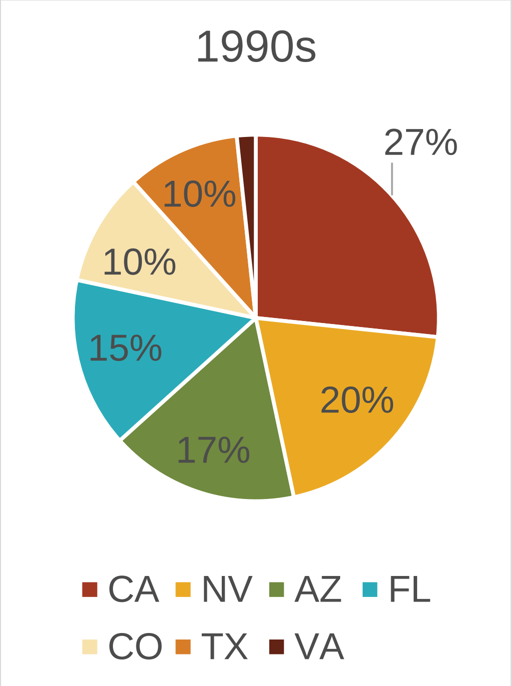
*Source: RCLCO*

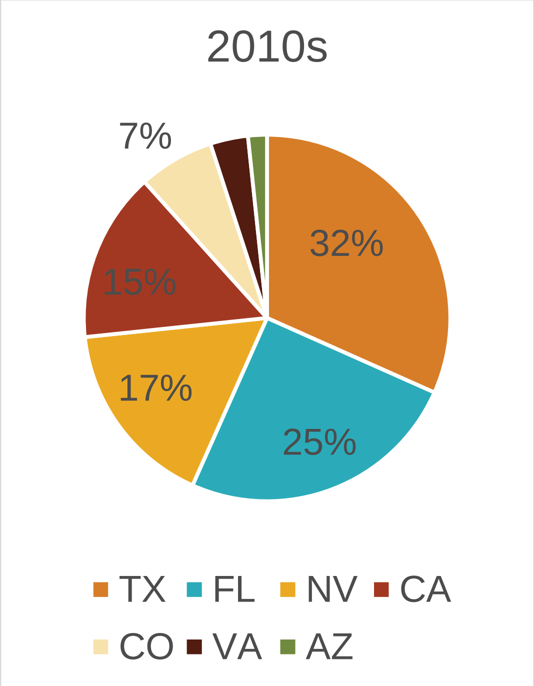
**Top 4 FL Communities had same or slightly fewer sales compared to 2015, except Lakewood Ranch, which increased by several hundred sales.**

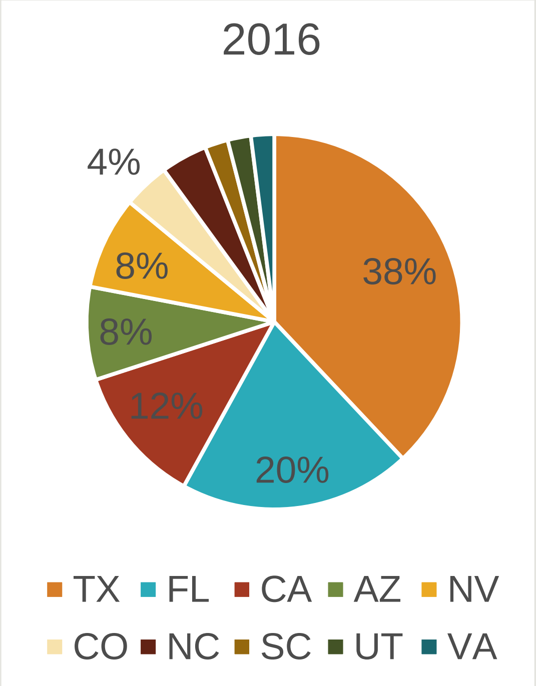
## Florida: A Top Location For High Volume Master Planned Communities

- 20% of 2016 Top 50 Selling Communities located in Florida
- Historically between 15%-25%

**Location by State for 10 Top-Selling MPCs by Decade and Current Year**



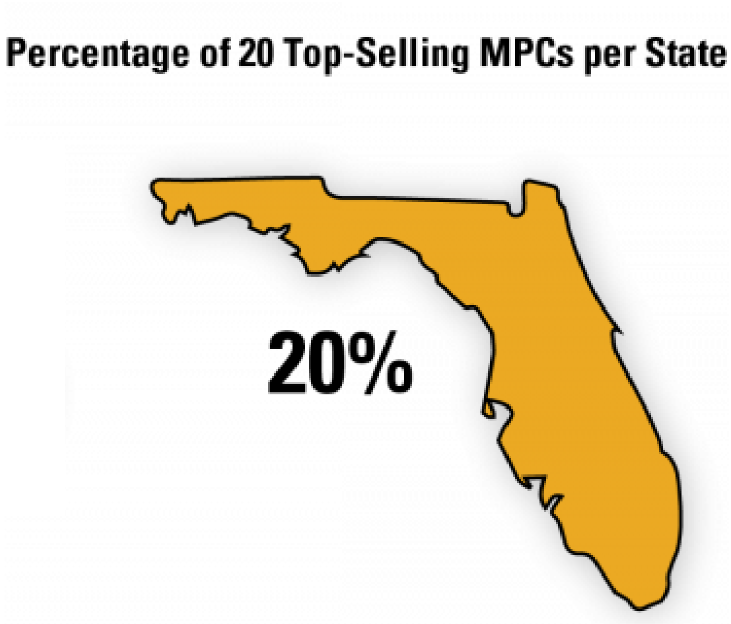




*Source: RCLCO*

# TOP-SELLING COMMUNITIES' - SUCCESS FACTORS

- Married couples and families have driven success of MPC's nationally
- Retirees increasingly important
- Florida captured 20% of Americans aged 65 to 74 who moved out of state for retirement last year
- Nationally, 11 of the 20 top-selling communities have active adult community components – 33% of top 100 communities include, or are an AAC





*Source: RCLCO*

# TOP-SELLING COMMUNITIES' - SUCCESS FACTORS

## LIFESTYLE

- Healthy community features:
  - Active lifestyle programing
  - Fitness facilities and programs,
  - Parks paths and trails
  - Social sphere – places to gather to eat and drink

## MARKET SEGMENTATION

- Housing for range of life-stages, purchasing power and lifestyle interests

## SLOWER SALES

- MPC’s short on lots, escalating prices, and/or narrowing price/product spectrum

*Source: RCLCO*

# TOP-SELLING COMMUNITIES' - SUCCESS FACTORS

- **Targeting Millennials and active adults/empty nesters in roughly equal numbers**
- Adding **attainably priced detached and attached products - Millennials**
- **Anticipate 2017 lot and home sales at a similar pace to 2016:**
  - Job growth the strongest driver of home demand
- **Best MPC segment: Gen X** couples and families

*Approaches to attainably priced new home products – attached, or…*

*…smaller, with pre-packaged design options versus dumbed down*

*Source: RCLCO*

# PRODUCT / MARKET SEGMENTATION - OPPORTUNITIES

- Flexible master plans that are sensitive to their environment and **responsive to buyers** and residents

- **Take advantage of product and market niche** opportunities

- Developer's **strategy influenced by exogenous factors** - development costs - degree of builder cooperation etc

- Use a variety of knowledge and information resources to **identify underserved market and product gaps**

- Identifying and filling gaps improves pricing, absorption, and market share


*Source: RCLCO*

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# PRODUCT / MARKET SEGMENTATION - CHALLENGES

- **Difficult - requires** monitoring and **adjustment** along the way
- Land prices may make it **difficult to implement broader price segmentation**
- **Millennial buyer** is clearly an opportunity – 34% of all home purchases - **struggle to accommodate price points**

| Median, All Homebuyers by Generation | Median Age | Median Income | Median Home Size | Median Price |
|---|---|---|---|---|
| Generation X | 42 | $105,000 | 2,200 | $263,000 |
| Young Boomers | 56 | $100,000 | 1,960 | $240,000 |
| Older Boomers | 65 | $82,000 | 1,950 | $220,000 |
| Silent Generation | 74 | $67,000 | 1,800 | $210,000 |
| Millennials | 30 | $78,000 | 1,720 | $187,000 |

*Source: RCLCO*

# SUBURBAN OPPORTUNITIES FOR COMMUNITY DEVELOPMENT

**Suburban housing markets across the U.S. are well positioned to maintain their relevance for the foreseeable future as preferred places to live and work**

- Variety of different types of suburbs with unique opportunities
  - More diverse
  - Broad range of housing needs and desires
  - Abundant opportunities for a wide variety of new development and redevelopment

Lake Nona

Laureate Park

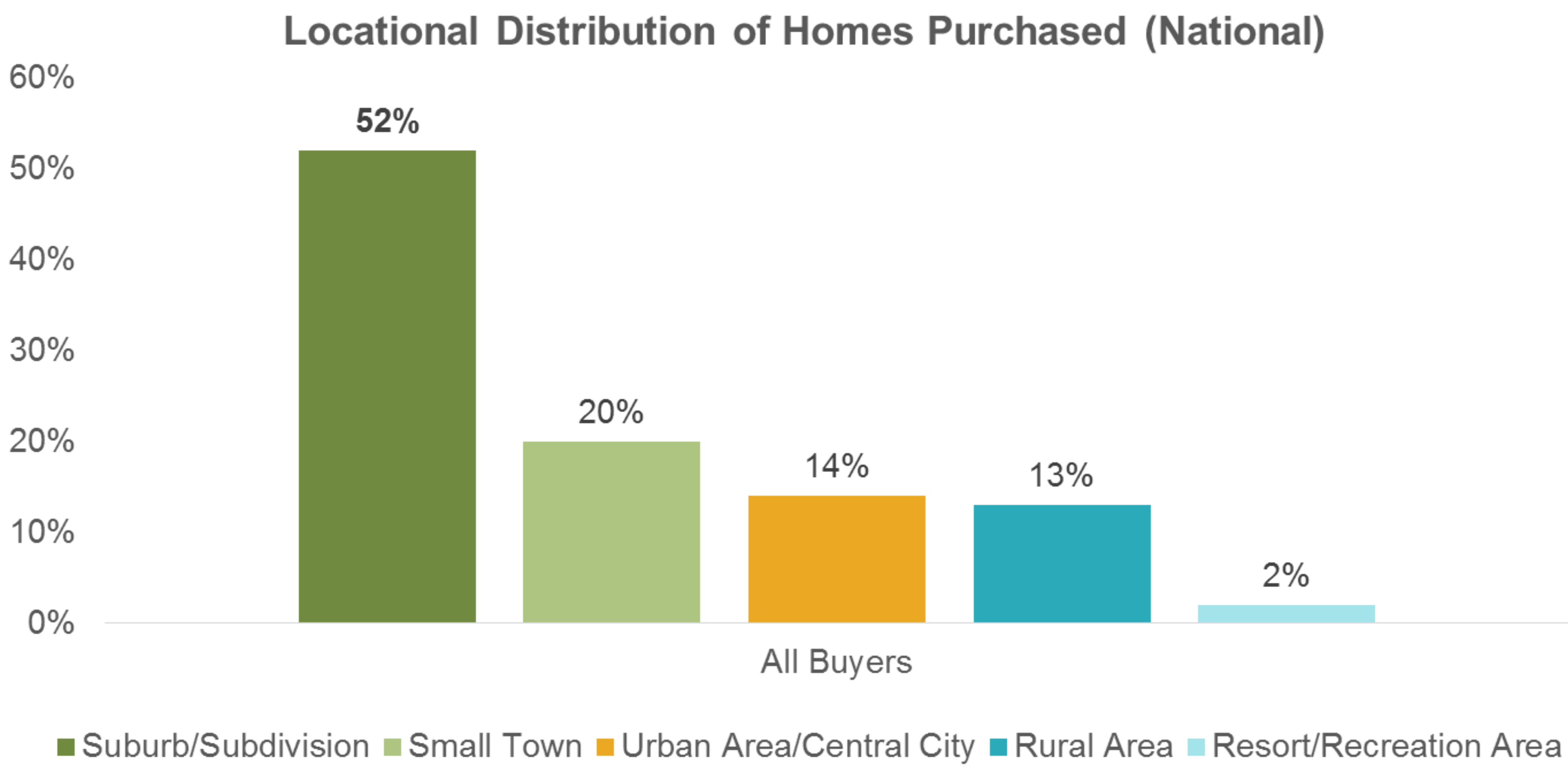
# SUBURBAN NATION

- **America remains a largely suburban nation** – 77% of the population in 50 top metros
- **Suburban growth has driven recent metropolitan growth** – 2000 to 2015, suburbs were 91% of population growth
- **A large majority (65%) of Americans work in suburbs**
- **The suburbs are “young” compared with their regions overall** – 73% of 25- to 34-year-olds live in the suburbs of 50 top metros
- **American suburbs as a whole are racially and ethnically diverse** – 74% of the minority population lives in the suburbs

*Source: RCLCO*

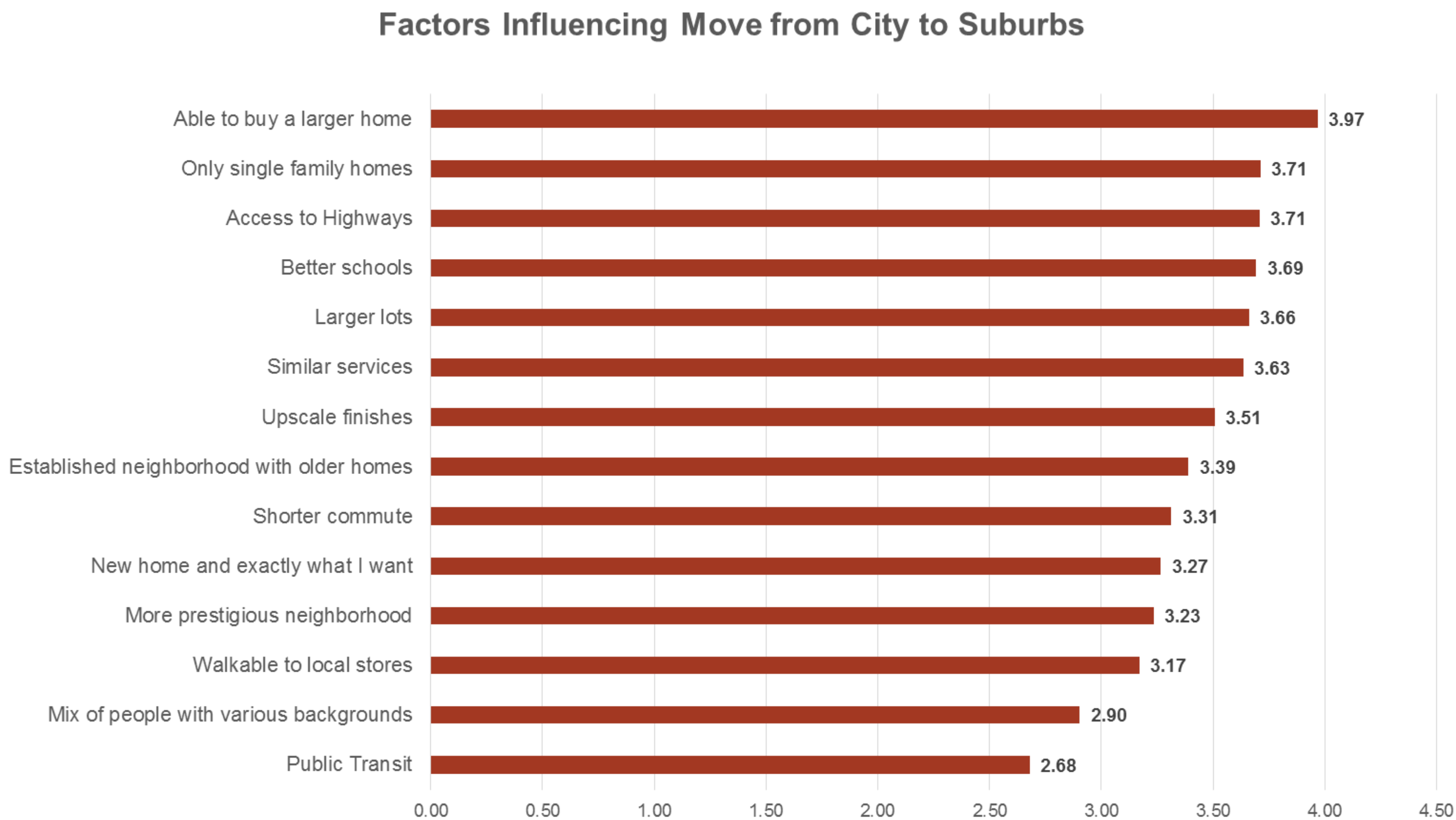
# SUBURBS THRIVING DUE TO STRONG APPETITE FOR LIFESTYLE

The majority of Americans who purchase homes are purchasing homes in suburbs - MPC's have a potentially large market (15% buy new)



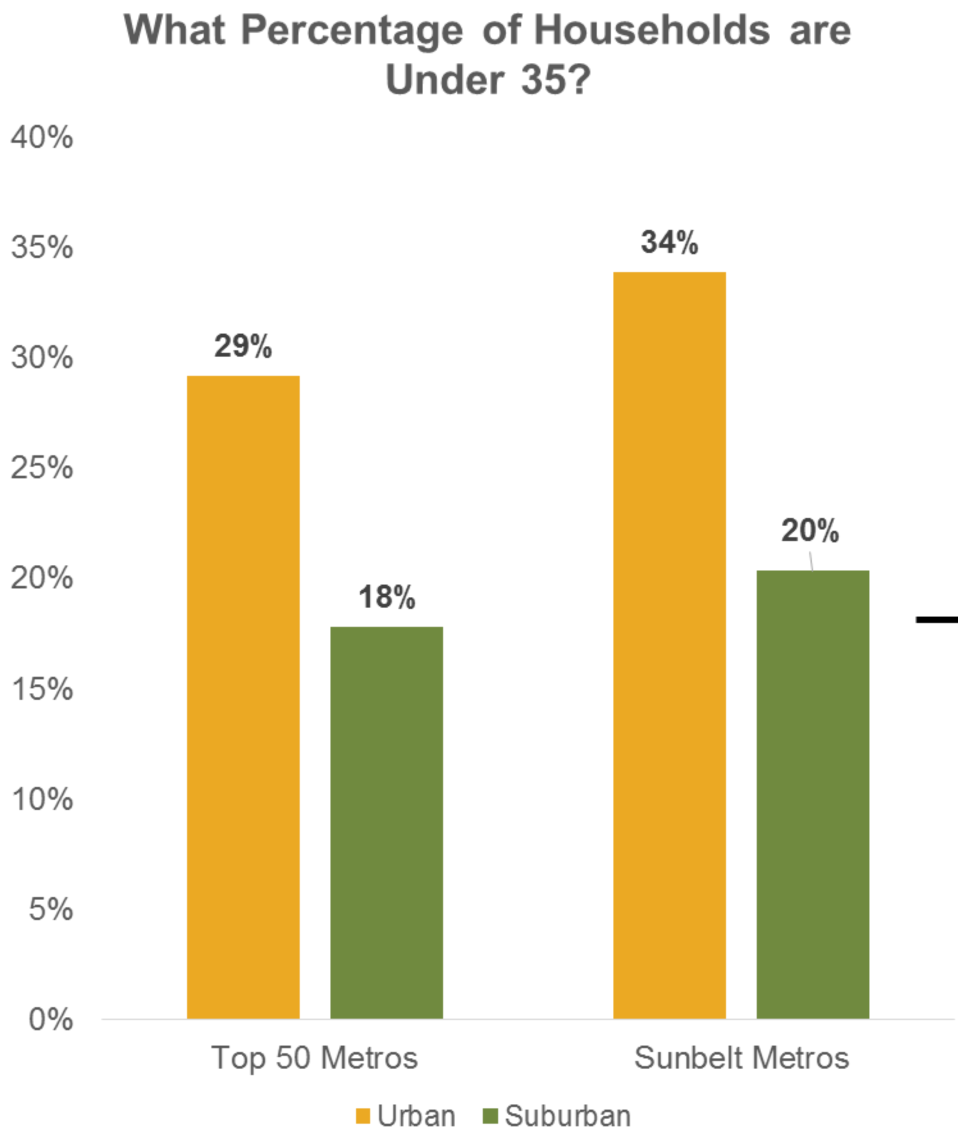

*SOURCE: 2016 NAR Home Buyer and Seller Generational Trends Report*

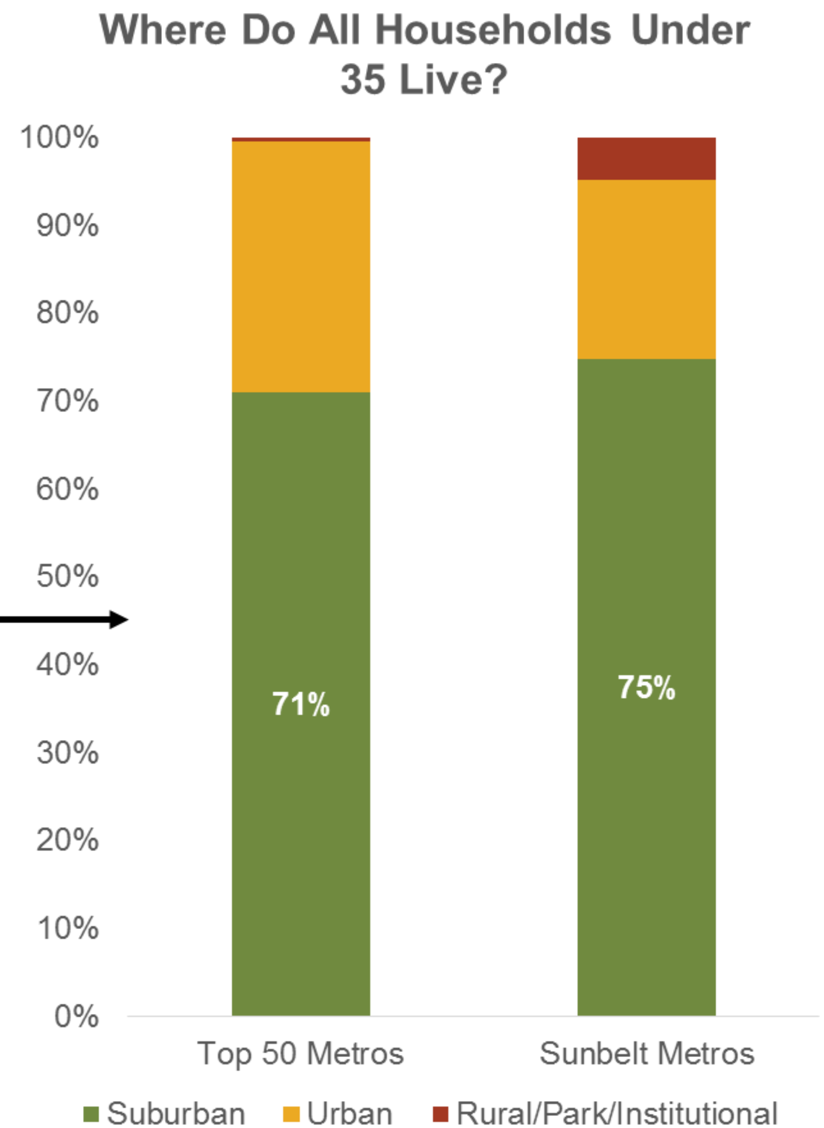
# WHAT DRIVES HOMEBUYERS TO BUY IN THE SUBURBS




*Source: RCLCO*

# MILLENNIALS ARE SURPRISINGLY SUBURBAN




*Source: RCLCO*

# FRAMEWORK FOR UNDERSTANDING SUBURBAN DEVELOPMENT OPPORTUNITIES

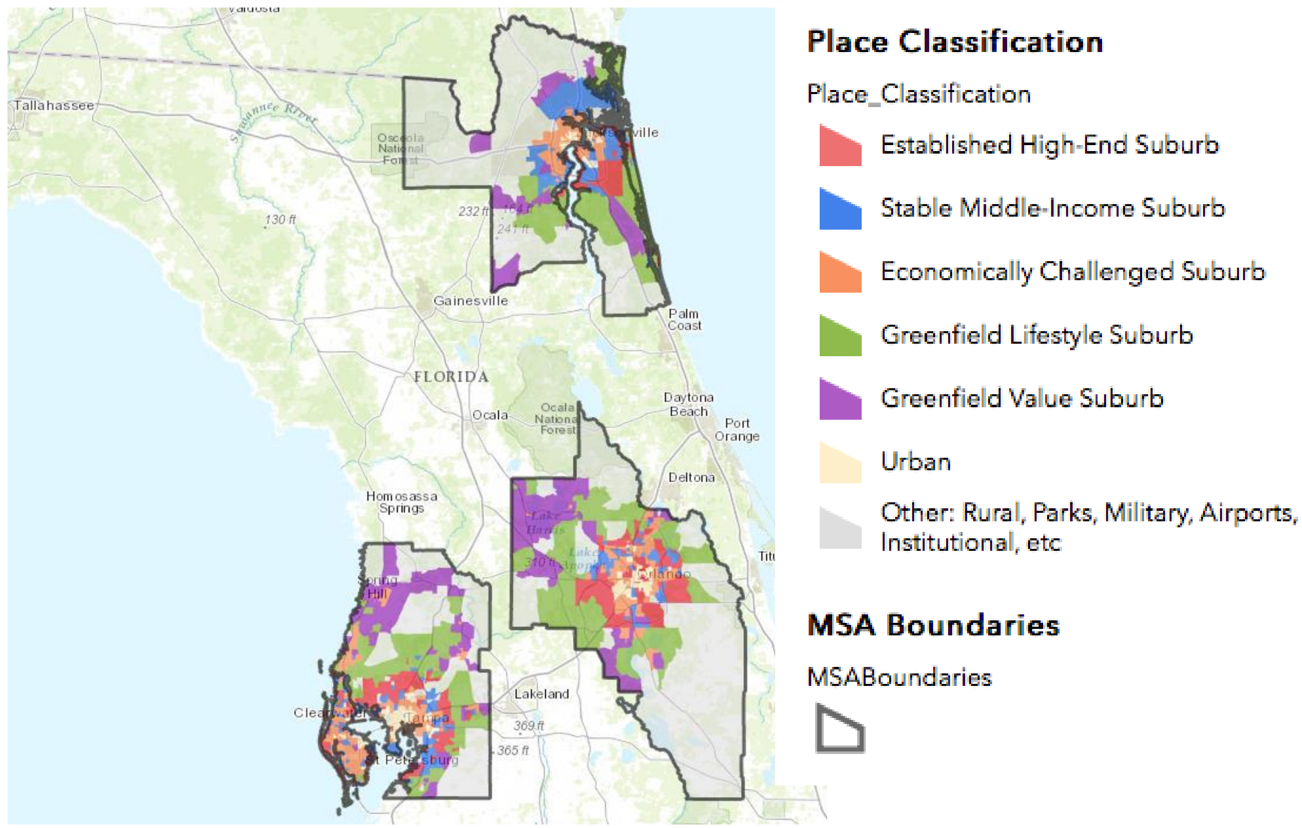
## Established High-End:
High home values and established development patterns

## Stable Middle-Income:
Wide variety of home values that are attainable to a range of households

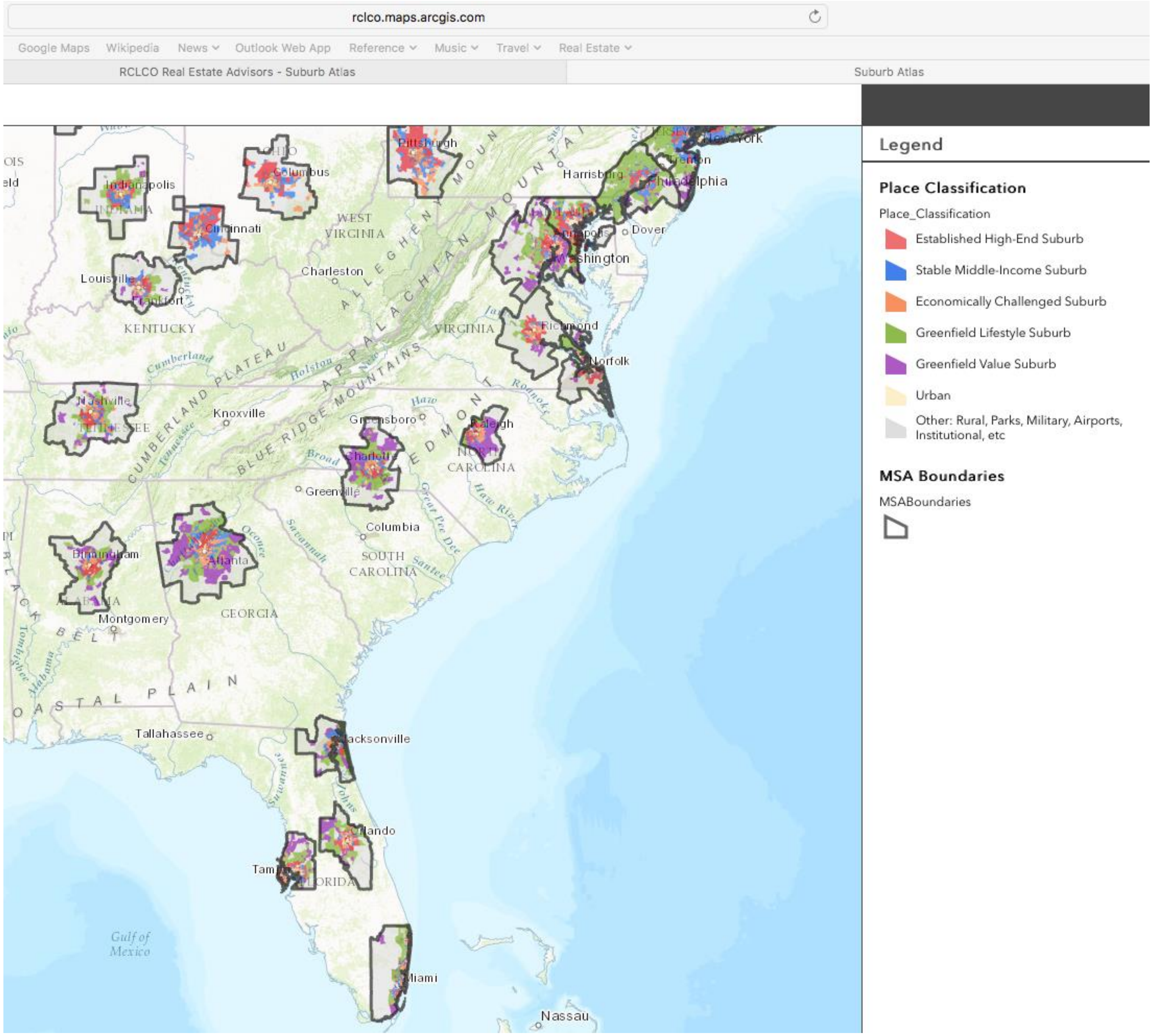
## Economically Challenged:
Lower home values, less population growth in recent years

## Greenfield Lifestyle:
Bulk of new community development at or close to suburban fringe, typically adjacent to established high-end suburbs

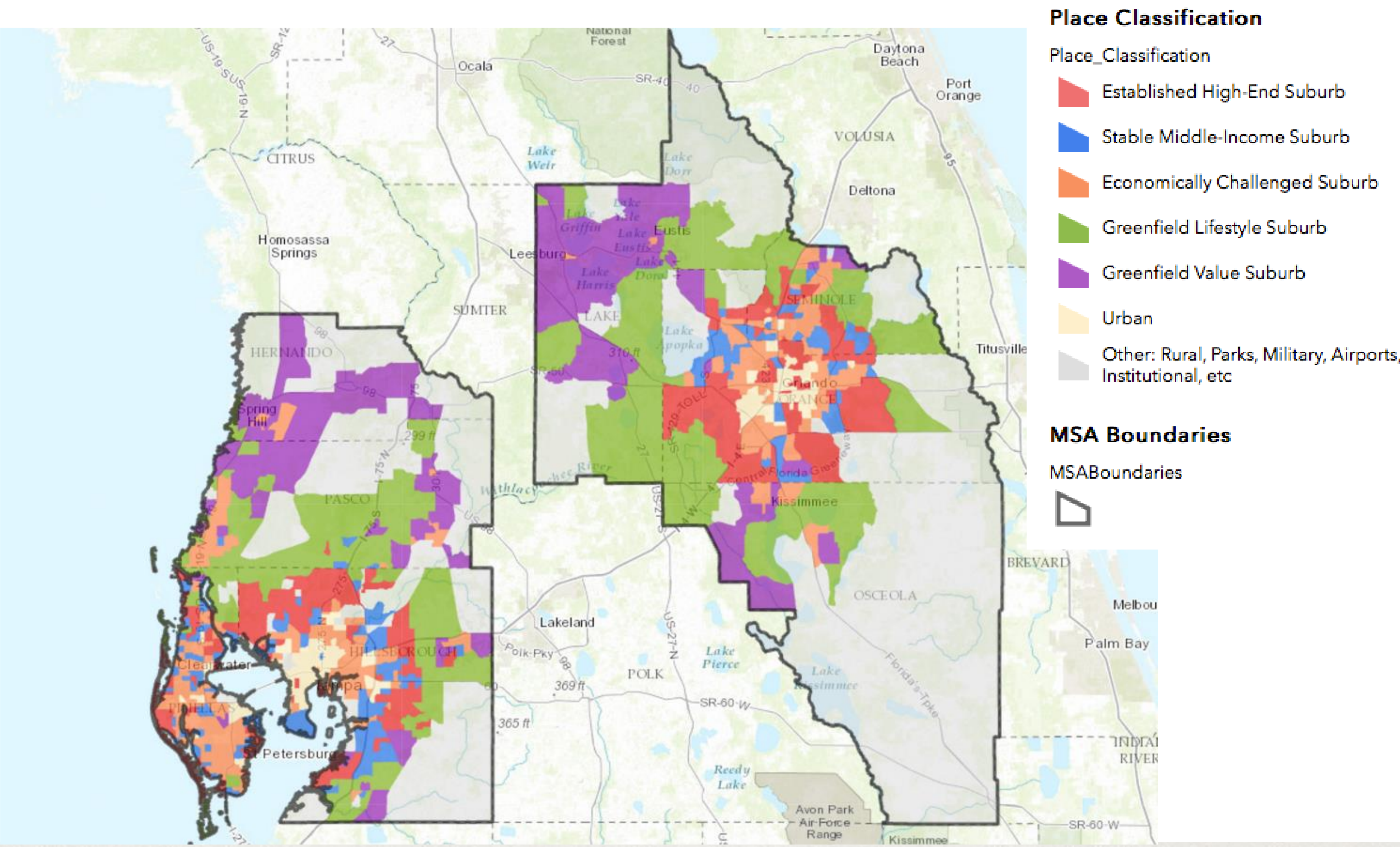
## Greenfield Value:
At suburban fringe, often adjacent to Greenfield Lifestyle suburbs just farther out



# WWW.RCLCO.COM/SUBURB-ATLAS



# RCLCO MAPPING TOOL - ZOOM IN!



# DEVELOPMENT / REDEVELOPMENT OPPORTUNITIES BY SUBURBAN TYPOLOGY

## ESTABLISHED HIGH-END SUBURBS

- New homes communities at higher densities and price points than surrounding neighborhoods

## STABLE MIDDLE-INCOME SUBURBS

- Either gentrifying into higher-end communities or deteriorating into economically challenged areas

## GREENFIELD LIFESTYLE SUBURBS

- Where the bulk of new community development is occurring
- These areas have mostly developed over the past ten to fifteen years;
- Established planned communities; increasingly difficult to find sites for community scale development

## GREENFIELD VALUE SUBURBS

- New value-oriented communities that offer attractive home prices;
- Where most land for new large scale community development exists

# FLORIDA METRO AREAS - WHERE THE GROWTH IS

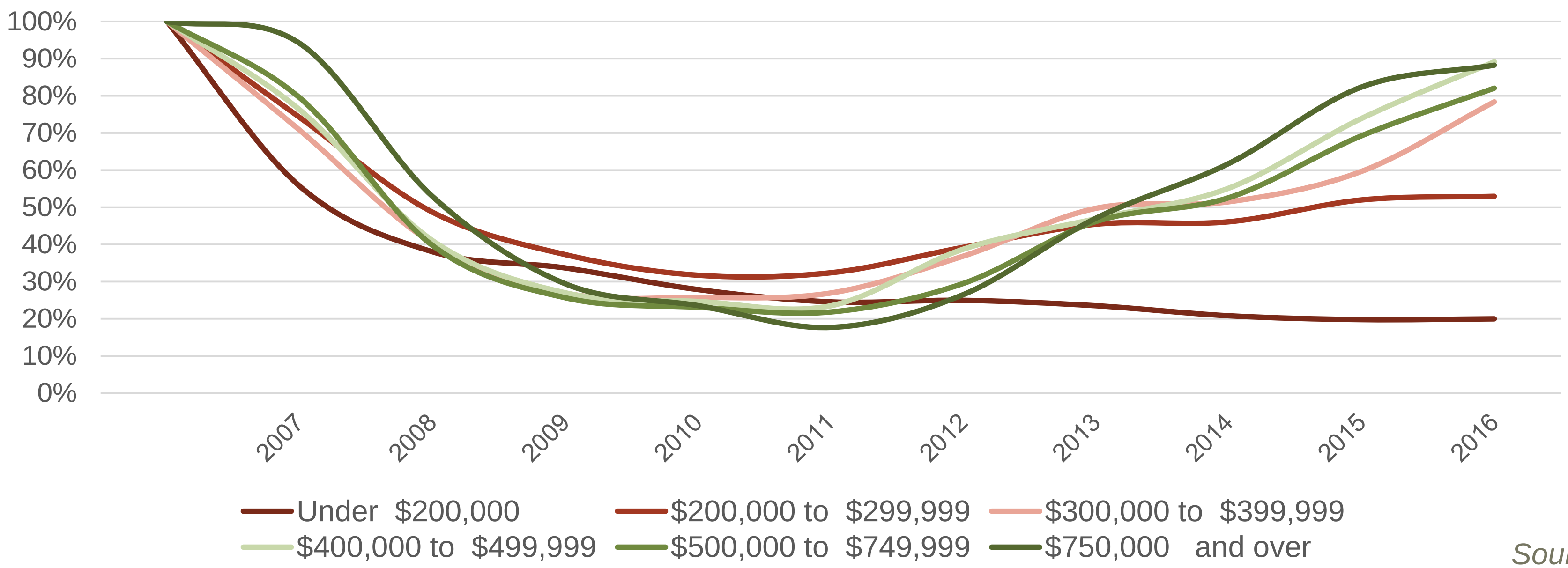
| DISTRIBUTION OF POPULATION GROWTH (2000-2015) | | | | |
|---|---|---|---|---|
| **CATEGORY** | **Miami-Fort Lauderdale-West Palm Beach, FL MSA** | **Orlando-Kissimmee-Sanford, FL MSA** | **Tampa-St. Petersburg-Clearwater, FL MSA** | **Jacksonville, FL MSA** |
| Urban | 12.1% | 3.7% | 7.0% | -3.3% |
| Suburban | 85.1% | 91.2% | 88.6% | 95.8% |
| Established High-End | 15.0% | 23.7% | 20.9% | 15.3% |
| Stable Middle-Income | 17.9% | 9.5% | 21.1% | 8.1% |
| Economically Challenged | 16.5% | 14.4% | 8.4% | 16.0% |
| Greenfield Lifestyle | 32.2% | 30.0% | 29.4% | 45.5% |
| Greenfield Value | 3.6% | 13.5% | 8.8% | 11.0% |
| Other | 2.8% | 5.1% | 4.4% | 7.5% |

(Most “urban” census tracts are high-density tracts with little single-family detached product, and most “suburban” census tracts are medium- or low-density tracts with a lot of single-family detached product).

# THE UNEVEN RECOVERY IN NEW HOME SALES

## Absolute New Home Sales by Price Band (000s)
## United States

| | Under $200,000 | $200,000 to $299,999 | $300,000 to $399,999 | $400,000 to $499,999 | $500,000 to $749,999 | $750,000 and over | Overall |
|---|---|---|---|---|---|---|---|
| 2003-2006 Average | 481 | 306 | 171 | 85 | 78 | 34 | 1,156 |
| 2015 | 95 | 159 | 102 | 63 | 54 | 28 | 501 |
| 2016 | 96 | 162 | 134 | 76 | 64 | 30 | 562 |




*Source: U.S. Census*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