

The Top-Selling Master-Planned Communities Mid-Year 2013 Update

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Homes at the nation's top-selling master-planned communities (MPCs) sold at a much faster pace in the first half of 2013 than they did in 2012. Every year since 1994, RCLCO has conducted a national survey identifying the best-selling MPCs. We recently checked-in with the top communities of 2012 to see if they're maintaining or exceeding the increase in pace they reported at year-end, and found that for most of these communities their 2013 sales pace is substantially higher than 2012. The exceptions are generally communities nearing completion that no longer offer as broad a product or price spectrum. As a group, total sales are up 16% over 2012, though individual developments report even greater increases. For example, sales at Nocatee near Jacksonville are

up a whopping 72%. "Overall demand for new homes is rising in northeast Florida, developer lot inventory is low, and the fact that we continued to develop lots during the weak years has left us well-positioned to capitalize on that demand," says Rick Ray, Managing Partner of the PARC Group. Most of the interviewed developers cite the improving employment situation, low resale inventories, low interest rates, and increased consumer confidence among the key factors driving stronger sales. The chart below summarizes sales for the first half of 2013 compared with the annual pace in 2012, among the top communities of 2012 (we'll release our Top Communities of 2013 early next year, and expect some new names on the list):

Top-Selling MPCs Mid-Year in 2013

Mid-Year Rank 2013	Annual Rank 2012	Name	Location	Midyear 2013 Sales	2012 Sales	Change
1	1	The Villages	Ocala, FL	1,614	2,851	13%
2	2	Irvine Ranch	Orange Co, CA	680	1,436	-5%
3	5	Mountain's Edge	Las Vegas, NV	599	948	26%
4	4	Cinco Ranch	Houston, TX	539	982	10%
5	6	Providence	Las Vegas, NV	461	760	21%
6	10	Nocatee	Jacksonville, FL	437	508	72%
7	3	The Woodlands	Houston, TX	405	1,007	-20%
8	7	Riverstone	Houston, TX	404	605	34%
9	12	Summerlin	Las Vegas, NV	357	471	52%
10	9	Lakewood Ranch	Sarasota, FL	332	573	16%
11	11	Stapleton	Denver, CO	328	507	29%
12	16	Sienna Plantation	Houston, TX	273	387	41%
13	19	Woodforest	Houston, TX	271	308	76%
14	14	Lake Nona	Orlando, FL	270	441	22%
15	13	Brambleton	Washington, D.C.	221	466	-5%
16	17	FishHawk Ranch	Tampa, FL	198	367	8%
17	17	Shadow Creek Ranch	Houston, TX	186	362	3%
18	15	Bridgeland	Houston, TX	141	423	-33%
19	20	Telfair	Houston, TX	76	307	-50%
n/a	8	Alamo Ranch	San Antonio, TX	Not Available	583	n/a

Source: RCLCO

At The Villages in Ocala, Florida, sales are up 13% compared with 2012, and it once again tops the list of top-selling MPCs, with 1,614 sales through the first half of the year. While this increase is impressive, Nocatee has reported the biggest gain among the other Florida communities, with Lakewood Ranch near Sarasota reporting an increase of 16%, and Lake Nona in Orlando up an impressive 22%. Sales among Florida MPCs continue to improve across the state due to the strengthening economy, low interest rates, still attractive prices, and improved consumer confidence. Innovation at these communities is also a factor, with the introduction of new community and product orientations contributing to stronger sales at Lake Nona, Lakewood Ranch, and Nocatee. For example, Lake Nona's sales at its newer Laureate Park neighborhoods are currently selling at more than double the pace of last year. Rob Adams, Vice President of Marketing and Sales at Lake Nona, attributes their success to the community being a "thoughtfully designed, special place, an improved Orlando housing market, a growing on-site employment base, a great school system, and a comprehensive onsite housing offering."

Out west, the most frequently mentioned factors contributing to the uptick in sales are improving employment conditions and greater consumer confidence. It also helps that resale inventories have declined to the lowest levels seen in years, which has also allowed prices to rise. Sales at Mountain's Edge in Las Vegas are up 26%, Summerlin's sales are up 52%, and Stapleton in Denver has experienced a 29% increase over the 2012 pace.

In Houston, mature communities such as The Woodlands and Cinco Ranch have seen their sales paces start to slow. This is primarily because these communities are not offering as much product diversification as in previous years as they approach buildout. This is reducing their sales volume in many lower price points even as they increase sales (and market share) in largely upper price points. Houston communities with fewer constraints, however, were able to take full advantage of increased demand across the region, increasing sales over 2012 from 34% at

Riverstone to 76% at Woodforest. Woodforest added new builders this year and opened new neighborhoods, resulting in a wider range of price points overall. The new elementary school and Houston area job growth are the driving factors behind its exceptional increase in sales through the first half of 2013. Meanwhile, builders at Sienna Plantation have recently been raising prices in an effort to slow down their sales just to keep up with demand. Although demand is up sharply in Texas MPCs, lot development continues to lag absorption, and lot inventory is at its lowest level in nearly 10 years. Pressure is on MPCs in Houston and in markets across Texas, such as Austin and North Dallas, to deliver more lots to replenish diminishing lot inventories. Some builders are becoming anxious about their ability to meet increasing demand and are stepping up efforts to self-develop smaller communities to capture increased demand in the absence of new master-planned communities, in order to pick up their sales pace as a number of large MPCs are winding down.

Based on our analysis of sales to date, and expectations for the economy and residential real estate for the remainder of the year, it is likely that 2013 MPC sales will be at the highest level since the end of the Great Recession.

The updated rankings through the first half of 2013 of 2012's top 20 communities are based on total home sales as reported by each individual community.

Article and Research prepared by Gregg Logan, Managing Director and Jonathan Shapiro, Associate.

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