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Builders Are...Building Again!

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Renovations Remain Steady

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Builders are... Building Again!

By Ginny Cooper

Some of Collier County's most prolific and successful builders are...building again! Are you surprised? In a market that has been more supply than demand since 2008, the New Year looks bright for new construction.

By the end of this month Stock Development will be releasing five neighborhoods in its final piece of development at Lely Resort. Lakoya is a 242-acre community of single family homes situated around 70 acres of lakes. The two entry points herald the enhanced visual features of this community – extensive landscaping, large brick pavers, elements of fire and water throughout, and upscale amenities. Homes in Lakoya will be priced from the \$300s to more than \$1,000,000.

“It’s a great piece of property and the last developable piece in Lely Resort,” explained company CEO Brian Stock. “A lot of customers are requesting waterfront. We believe we can still offer value with Lakoya.” Residents of Lakoya will be required to join the Players Club and Spa, which provides the popular resort lifestyle perfected at Lely. There are plans in store to add a full kitchen to the Players Club cabana and tiki bar in 2011, and the following year the facilities will be increased in size as well. Part of the Players Club and Spa is the new dog park, just down the street from Lakoya.

In addition to the lakes, the dog park and three more substantial parks, Lakoya will showcase a 70-foot-long water feature illuminated with LED lights, articulating

Lakoya at Lely Resort gates (left); gatehouse (right); and park (bottom)



heads and six fire features. The community will be entered through either the fully staffed guardhouse or the 14-foot swinging security gates, accessed with a card-swipe system.

At London Bay Homes, new home construction is gaining momentum following 2009, one of the slowest years in the company's 20-year history. In all areas of the company there is increasing business and interest, from the larger custom homes that run into the millions to its semi-custom and village homes that start around \$1 million. "As we enter the 2011 season we are optimistic," said President Mark Wilson. "This September and October we had more sales during those months than we have for at least three years. We can now see the bottom of the market in our rear view mirror and the road ahead is looking much better," he said. Going north, Wilson also purchased the final 86 single family home sites in The Founders Club in Sarasota last July and he sees "significant" opportunities there in the New Year.

With the release of nine prime home sites located in the Laurel Oaks, Riverbrooke and Chapel Ridge neighborhoods, West Bay Club in Estero has several new homes under construction. The new home sites are priced from the \$170s. According to its Web site, West Bay Club continues to experience strong home and home site sales, including record sales of the Jasmine Bay condominium tower residences.

Sales at Moraya Bay and The Grande Preserve at The Dunes in Naples have more than doubled in the past year over the same period in 2008-09, according to Vice President of Sales and Marketing Inga Wilson. In fact in The Grand Preserve at The Dunes they were up 284 percent. At this pace they expect to be sold out by December, 2011.

With no other new construction along Naples Beach, Moraya Bay developer Signature Communities plans to move forward with the three buildings originally planned. "Our finance partner has a long track record. Real estate is not their only holding," explained Inga Wilson. That diversity and stability apparently appeal to local banks. Wilson says their customers have had "zero problems" securing financing from local banks that know the project and know the developer.

So What? That's What!

At this point you might be thinking, "So? Developers are constantly dreaming up 'new and improved' versions of the ubiquitous gated community." Not so with Lakoya. To determine what buyers were really looking for in a home, Stock Development conducted focus group studies with area REALTORS. "We have always had a strong relationship with brokers," said Stock. "Seventy-two percent of our homes sold year-to-date (November 2010) have been through outside brokers and going forward we are going to continue to build that relationship."

Insight gleaned from those focus group studies resulted in changes to the product being offered at Lakoya. "We re-evaluated every floor plan we planned to release and we have made changes and enhancements to every one of

Grand Preserve at the Dunes (left & below)



them,” Stock explained. Changes such as extending lanais to focus on outdoor living; offering three-stall garages, instead of two-stall; and extending double garages to 26 feet on the smallest product line. “We have improved the specification package on every level. Even the entry-level home has granite in the kitchen and wood shelving throughout,” he said.

Another long-awaited feature for many homeowners, especially the seasonal residents with northern roots, is the energy efficiency provided by natural gas. “Lakoya will be the first and only community in Lely that will be serviced by natural gas. All the appliances, even the outdoor kitchens and fireplaces, will be natural gas. Homeowners wanted it in the past and we explored the possibility about five years ago, but from a timing standpoint TECO was not prepared to extend service. The lines are closer now, so the economy of scale makes it possible for us to deliver this sought-after feature,” explained Stock.

When the first five neighborhoods are released, it will be with 10 fully-furnished models. Once regarded as a standard in new developments, furnished models had taken a back seat over the past few years, disappearing from sight altogether in some areas. Model leasebacks will also be available. Bringing back another species from the endangered list, Stock will build five spec homes in Lakoya. One of the models will be furnished through a collaborative effort by 20 different designers and promoted as an ASID-certified home. It will be sold fully furnished.

London Bay’s confidence in the market became apparent at the end of 2009 when the company purchased the last 50 single-family homesites in Mediterra, while also assuming sales and marketing responsibilities for the luxury golf community. Company President Mark Wilson said he is already seeing more visitors at the community, and adds that their level of interest is very serious. “Mediterra is well positioned in the market and with homesites starting in the \$200s, we anticipate that a good deal of new home construction will get underway there in the next six months,” he said.

Why Build Now? It’s a Goldilocks Moment!

But is just having the land available motivation in and of itself to build a new community? Lely has



Quarry Beachstone



Quarry Beachstone dining room (above); Quarry Catamaran (below)





Moraya Bay lobby



Moraya Bay unit

slightly fewer than 3,500 homes in the community. But of that number, fewer than 200 are available for resale. “Anything less than 10 percent resale availability shows good demand and stability,” said Stock. “From a resale perspective, we have sold more in the first six months of 2010 than we did in all of 2009. We had \$37million in resales last year; we have the potential to hit \$60 million this year (2010). By the end of January, we expect to be sold out in four of the five neighborhoods; there is a need, so we will fill it.”

Another builder listening to their customers and making changes to fit them is the Pulte Group. Building under the DiVosta brand at Verona Walk, this savvy developer has changed the floorplans in some of its square footage ranges, thereby meeting the needs of a larger group of customers. “We can’t always have one size fits all,” said Pulte Vice President of Sales Scott Mairn. “We were trying to fit a square peg in a round hole and now we’re building all shapes of holes – square, round, triangular!” The result was a major uptick in sales rates.

Delivering the new product to that community resulted in sales that Marin says far exceeded their expectations. “We knocked it out of the

park at Verona Walk,” he enthused. “We’re an active adult community; we’re not age-restricted, we’re age-targeted, and the majority of our buyers are seasonal residents or empty nesters,” Mairn explained. The extensive customer feedback also taught them that the seasonal residents who have become permanent residents have done so because they prefer the community.

Mairn said they have experienced similar success

at The Quarry, host to The ACE Group Classic, coming up February 14-20, 2011. “The ACE Classic does draw buyers, and this year we plan to make the experience about more than golf,” he hinted. “We’re forging a good relationship with the ACE Group and we’d love to see the tournament stay in The Quarry.”

Building under the Centex brand at The Quarry, Pulte has made no changes in their product lines. What sets The Quarry apart, according to Marin, is that “We are unique relative to what else is available in Collier County – beach and golf together in one community. A higher-end community, The Quarry delivers a tremendous value,” Marin said.



Verona Walk - Dunwoody Trail



Verona Walk - Vernon Hill (above); Verona Walk - Dublon (below)



There are no product changes at Moraya Bay, but what the developer did was look at their marketing strategy. “With new developer sales we discovered that ‘The price is the price’ doesn’t work anymore. Although there is no new construction on Naples Beach, we were competing against other scenarios in which the buyer was able to negotiate. Everyone needs to feel like they are getting the best value for their money. They are doing their homework and are not as emotional in their buying behavior,” Wilson said. “Instead of making an offer on the first visit, they are looking at a unit two or three times before making an offer.” So the developer began negotiating, engaging the customers in the process as if the brand new units were resales. “We saw a huge increase in traffic volume and in the quality of buyers,” Wilson reported.

In most cases that traffic is directed toward Moraya Bay through REALTORS. “Nine out of 10 sales are Realtor-assisted sales. So we have made the registration process as easy as possible. We have also created a unique product in that we allow REALTORS to put their branding on our sales brochures and download them from www.morayabay.com,” said Wilson.

London Bay’s Mark Wilson explained the opportunity this way. “The economy has put the squeeze on material, product and labor suppliers and as a result, we’re getting pricing that’s 35-40 percent lower than the 2005-06 period. When we communicate this to our prospective clients, it’s an eye-opener for them.” Mark Wilson believes that we’re now in a period where it’s more affordable to build a new home than buy a resale. And he added that with new construction, buyers can get exactly what they want, with better products and systems and

a new home warranty. When asked why people are starting to make the decision to move forward Wilson said it’s a Goldilocks moment for buyers. “The market has bottomed, home sites and standing inventory are a great value, construction costs are almost as low as 2002, interests rates are as low as we have seen them in a few generations and Florida continues to be a great place to live. Why wouldn’t someone want to buy at the moment?”

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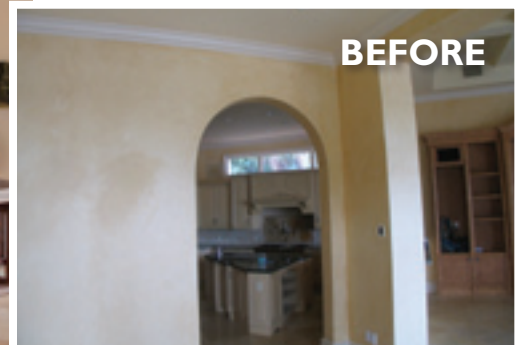
While the rest of the construction industry in Southwest Florida has been on a roller coaster ride for the past several years, one portion of the industry has remained steady – renovations and remodeling. “The projects may have been scaled back a little, but they are increasing in size and volume now,” says Jon Levy of BIG Renovations. The Lykos Group, Inc. is experiencing a strong 2010 with sales higher than 2009 and approaching the levels of 2008, according to Tom Lykos. Turn Key Construction is also seeing an uptick

in inquiries, says Jake Voight, with the most popular projects being new kitchens, bathrooms, flooring (wood is very popular now), new doors, trim and crown moldings. Kitchens and bathrooms continue to be the core of remodeling activity at The Lykos Group as well. In addition, they are seeing a growing number of room additions and renovations that improve the use of wasted or unused space. Lykos says, “Homeowners are also opting to improve their homes’ energy efficiency and hurricane resistance as part of larger renovation projects.”

Renovations are viewed as either an investment or a comfort, according to Voight. He has a process he works through with each client to help them decide if what they want to do to their home will return the value they expect. “If it is likely they will sell within 10 years, the design and selection decisions need to match current trends to help maintain the value and marketability of the residence,” Voight explains. “If they are going to own for 15 years or more, the design and selections can be personalized. Since design style and trends tend to change considerably every 15 to 20 years the buyer will most likely want to remodel the space initially or not long after they have moved in. We are a design-build company that combines planning, design and project management responsibility with a full service



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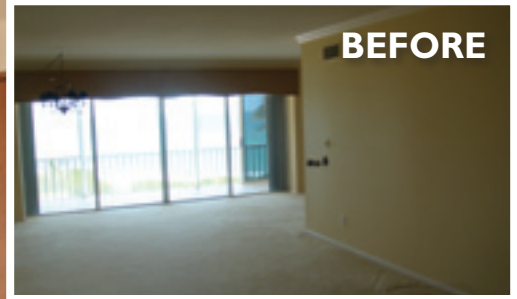
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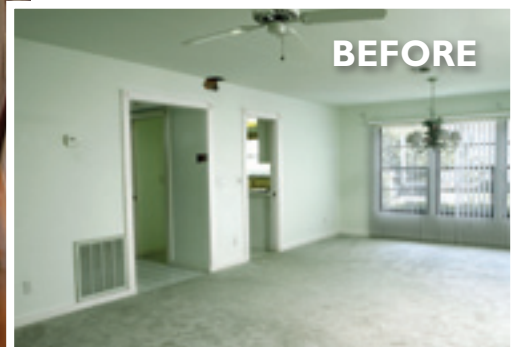


Photos courtesy of TurnKey Construction



which they are finishing up a project that includes landscaping and renovations to a courtyard incorporating upscale features such as new marble pavers. An exterior renovation was one of The Lykos Group's most unusual recent projects. "Besides the garage addition, the renovation included redesigning the shape of the roof, improving the appearance of the covered entry and adding architectural details that changed the style of the house. Most unique however, were the solar power package, gas pool heater and on demand gas water heaters that the owners requested to make the home more energy efficient and environmentally responsible," says Lykos.

Both Turn Key Construction and BIG Renovations rely on subcontractors to contribute their specialties to projects. Because they have developed vendor relationships with subcontractors who are well established in their own right, neither company has suffered setbacks with subcontractors going out of business or



Photos courtesy of TurnKey Construction

construction company with its own construction employees. We go through a preliminary design and budget process with our client that allows us to create the most project for the least cost."

Getting the most for their dollar is a concern for customers at every income level says Levy; it's a definite change from the boom years when comfort and preference were the only considerations a customer had. The current perception of value has led him to coin a new tag line for BIG

Renovations: "A New Vision of Value." The trend in renovation and remodeling he sees is, "Be as creative as you can, spending as little as you can."

There are still big renovations underway in Collier County, however. Turn Key Construction recently finished a complete interior and exterior remodel of a 7,000-square-foot home in Grey Oaks, which they accomplished in just five months. BIG Renovations also cites an exterior remodeling project as one of its largest in

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