

WATERSIDE PLACE



NEVER THE SAME PLACE TWICE

Team # 4

Colvin Institute of Real Estate Development

2021 Colvin Case Study Challenge

Table of Contents

2021 Colvin Case Study Challenge

Executive Summary	1-2
Development Team	3-4
Developer's Vision	5-6
Site Description	7-9
Market Analysis	10-12
Planning and Entitlement	13-14
Design	15-16
Project Financing	17-18
Operating Challenges	19
Exit Strategy	20
Innovation and Impact	21
References	22

Executive Summary

Waterside Place is certainly not your traditional real estate development. It's a culmination of best-in-class design and the desire to become a world class destination. Lakewood Ranch, one of Florida's top-selling master planned communities and where Waterside Place is located, set the bar high when **SMR Development** broke ground nearly three decades ago. As the community evolved, so did the need to create spaces for the residents and businesses looking for a full suite of services and amenities. Thoughtfully planned and designed by SMR Development, Waterside Place sits on 26.48 acres surrounded by nearly eight miles of waterfront property. A mix of residential, office, retail, multifamily and entertainment, Waterside Place creates opportunities for families, businesses, and venues to participate in a variety of different built environments. A carefully selected development team ensured each step of the development process delivered value by carefully curating a synergistic partnership between local and regional planners, debt and equity investors, architects, engineers, general contractors, and consultants.

Waterside Place is located in Sarasota County, Florida, traditionally know as a destination for retirees and second home snowbirds from northern states looking for milder climates and pristine beaches. Today, Sarasota County is attracting a different type of demographic. Millennials, escaping the high cost, densely populated metropolitan areas of the east and west coasts, and younger families looking for economically attractive housing options are creating a chance for developers and municipalities to accept the challenge to create innovative and engaging communities. Fueled in part by the Covid-19 Pandemic and the flexibility to work remotely, many have decided to flock to lower cost areas of the south, specifically, southwest Florida. Waterside Place provides these incoming populations with a combination of unique design, open space, and amenities, all while connecting the larger Lakewood Ranch community to the vibrancy of a carefully designed "town center."

Project Description

Project: Waterside Place

Type: Mixed-use

State: Florida

County: Sarasota

MSA: Bradenton- Sarasota

Zoning : Villages/Hamlets
Sarasota 2050 Comprehensive
Plan

Asset Types: Multi-family,
residential, office, retail,
entertainment

Total Project Cost: (Approx.
\$36.1 million)

Projected Payback Period: 2
years

Development Team

Development Team

Developer: SMR

Development/Lakewood Ranch
Commercial

Architects: LRK (Buildings B, C
& D)

Architects: Fawley Bryant
(Buildings A, R1, R2, R3, R4, E, F
& G)

Engineer: Stantec, Inc

Landscape/Hardscape: HKA

General Contractor: Willis Smith

Infrastructure: C & M Road
Builders

SMR Development (Schroeder-Manatee Ranch) is the parent company of Lakewood Ranch, a 33,000-acre master planned community in Lakewood Ranch, Florida. The company transitioned into community development in 1994 and subsequently launched **Lakewood Ranch Commercial**. Today, LWR Commercial's portfolio consists of approximately 60,000 SF of commercial space. When SMR decided to build Waterside Place, they knew it would require a best-in-class development team to make their vision a reality. Tapped to lead the initial site plan and design work was **LRK** who spearheaded the initial design, planning, and permitting phase. **LRK's** expertise and innovation helped cement SMR's commitment to create a Class A destination. To add diversity to the community, the SMR team also decided to engage **Fawley Bryant** to co-design several buildings throughout the community, adding diversity and strategic variety to the architecture and design of each building. This combination would later prove valuable for attracting the perfect mix of tenants occupying the thoughtfully designed retail space.

"We curate the good life, and we've been doing exactly that from the moment one family had a vision for what The Ranch could be. Over 100 years later, through generations of careful planning and dedicated building, that same family is still guiding the community."

-Uiblein Family

Infrastructure required a firm who could solve for factors unique to a mixed-use community surrounded by wetlands. **Stantec** was chosen for their ability to perform. Founded in 1954, Stantec is a full-service community design firm that provides engineering, project management, and architectural landscape design services with the ability to meet the strong demands required by the SMR Development, as well as Sarasota County's planning and permitting departments.

Each of the firms added value to the development process and were instrumental in reducing revisions to the site plan, saving time and money for the development team. Each component of the development was carefully planned, thoughtfully designed, and executed collaboratively. Adding to the process, **HKA** supplemented the artfully crafted landscape plan complete with recreational trails, commons areas for both residents and businesses, as well as the aesthetic



entertainment venues, while always keeping the experiential environment as a top priority. Approximately eight acres of greenspace was created, adding to the ambiance envisioned by the SMR team. HKA is a full-service landscape architectural firm specializing in combining a beautiful collaborative vision, functional use, and sustainable design. The low-impact design found throughout Waterside Place provides opportunities to manage water conservation as well as multi-use planning for open space, trails, native plants, and ADA paths of travel.

Of course, no development team is complete without an experienced general contractor. Recruited to execute the design plan and construction was **Willis-Smith**. Willis-Smith is a privately held full-service contractor serving southwest Florida since 1972. Shortly after breaking ground, challenges mounted throughout the construction industry with the onset of the Covid-19 pandemic. Supply chain bottlenecks and labor shortages proved challenging for the most novel contractor. Not only did Willis-Smith control the challenges, they delivered ahead of schedule and below cost, a compliment made possible by the team's collaborative approach and transparency throughout the construction process.

Finishing out the project were the roads that will serve the businesses and residents of Waterside Place. Chosen for this was a local firm **C & M Road Builders**, known for their expertise with road construction and maintenance. Founded in 1989, C & M Builders provides sub-division development & specialized expertise in a wide range of areas, including: Public Works Projects, Golf Course Construction, Design/Build Projects, Commercial Site Development, Infrastructure Improvement, and Land Development Services.



Developer's Vision

“Never the same place twice” was a guiding principle SMR Development had in mind when discussing the proposal of a Waterfront Town Center located on a previous mining site used by SMR Aggregates decades earlier. Part of the Schlitz Brewing Empire, SMR Development had a vision to develop a neighborhood community filled with the right mix of Class A assets to support a second town center in Lakewood Ranch. To be successful, Waterside Place needed to flip the script and raise the bar if they truly wanted to be a top regional destination. The developer knew there would be challenges, but SMR had a vision to create as Kirk Boylston with LWR Commercial describes as “A neighborhood that is walkable, filled with sounds of life from outdoor cafes, community events, and people coming and going to work, a live show, a small boutique, and the hottest new restaurant in town.” The vision of Waterside Place was quickly coming together.



Walkable Community



Gateway Park

Located on a 36-acre peninsula along Kingfisher Lake, Waterside Place as envisioned by SMR would be the epitome of a true outdoor Town Center. Everything throughout the planning process had this in mind. 25-foot setbacks for the retail storefronts ensured plenty of outdoor seating and places for conversating. 60,000 SF of in-line and free-standing commercial space makes way for successful businesses such as boutiques, restaurants, spas, and neighborhood-oriented professional services. Live music and performing arts create opportunities for new traditions, all complimented by lakefront dining and recreational amenities. The entertainment venue, **The Players Center for the Performing Arts**, a longtime staple to Sarasota, is expected to host 400 performances a year. Waterside Place will not only meet the need for neighborhood-oriented retail space, the community will also connect nearby residents that will eventually house 5,144 dwelling units via a connected pathway of biking trails and water taxis. This connectivity will forge strong communities and vibrant social offerings within the nucleus of Lakewood Ranch.

SMR's vision for Waterside Place included numerous unique communal parks and "pop-out" spaces, meant to encourage gathering and interaction among visitors and businesses. The town center will further activate the dynamic area by hosting festivals, farmers' markets, and events throughout the year, easing the need for local residents to travel to surrounding venues typically found in nearby Tampa Bay or Ft. Myers.

"We're going to provide an array of dining, nightlife, and entertainment options right here in their backyard, eliminating the need for that extended drive time" - Kirk Boylston, LWR Commercial

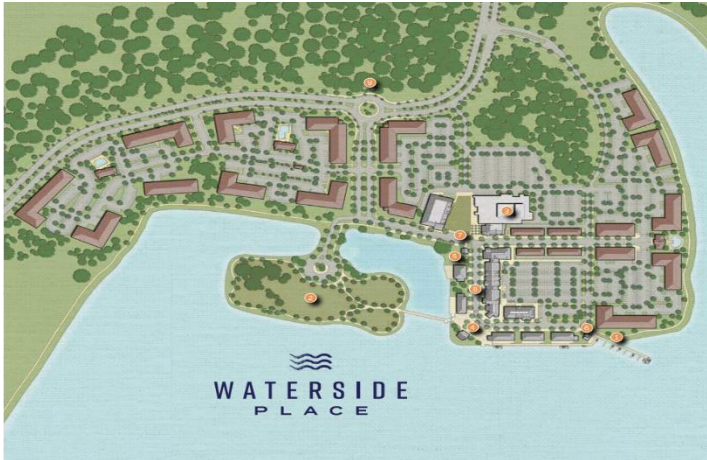
Population increases felt throughout the Sarasota-Manatee County areas have increased the pressure to deliver full-service communities like Waterside Place that support growing families and businesses. SMR's vision will fill a much-needed void in the local marketplace.



The Players Center for Performing Arts

Filled with architectural promise, Waterside Place will boast a unique combination of office, retail, multi-family, attached single-family, and entertainment/recreational areas. Complimented with a modern coastal design, offices will feature balconies overlooking the waterfront. Each retail space will open to lively outdoor patios and 25-foot-wide sidewalks for dining. Paseos will lead patrons and residents to ample parking found throughout the community. An eight-acre park will sit on an island complete with watersport docks, volleyball, and a splash park. All of this will be connected via a channel of walkways, trails, and water taxis connecting residents from each of the six surrounding villages comprised of approximately five thousand single-family and villa homes. **SMR Development** is creating an interactive experience that will serve as the company's long-lasting legacy, and leave a mark on future developments for years to come. By utilizing best in-class design, and allocating a healthy mix of complimentary services and neighborhood venues, Waterside Place is SMR's trophy asset. The vision for Waterside Place was a culmination of SMR's experience and willingness to step outside the box.

Site Description



touch screens used to escort visitors through the community, each detail has meaning. The site where Waterside sits today was previously used by SMR Aggregates as a mining operation. What is now Kingfisher Lake, was formerly mined as base material for local roadways and other infrastructure projects throughout the Sarasota/Manatee region. Man-made, Kingfisher Lake is approximately forty feet deep and will now be used for stormwater management for Waterside Place and the surrounding villages. The irregular formation caused by the horizontal excavation provides an opportunity for the retail businesses to leverage prominent waterfront space, adding significant value to their customers' experience. Aside from the grading required to remedy the previous use, the site had relatively flat topography and a soil profile relatively common to Florida. The community is served by public water and sewer, and Florida Power and Electric supplies electricity. Sitting on 26 plus acres, Waterside Place is a mix of multiple uses including: apartments, office, retail, entertainment, and single-family dwelling units. The development team realized that in order to provide an experience to the community's residents and businesses, it would need to command an abundant amount of public space for congregation and activities.

Waterside Place is the center of what will quickly become a hub for social congregation and activities. SMR Development has planned the community to deliver a true neighborhood experience for residents, businesses, and visitors. From the parking that has access through West-Indian style verandas, to the interactive

Waterside Place at a Glance

Acres: 26.48 acres

Retail Space: 60,000 SF

Apartments: 844

Residential: Serving 5,144 SFH's

Townhomes: 22

Office Space: 55,000 SF

Entertainment: Players Center for the Performing Arts

Recreational/Greenspace: 8 acres

In-line and Free-Standing Commercial Space

Street Oriented Siting

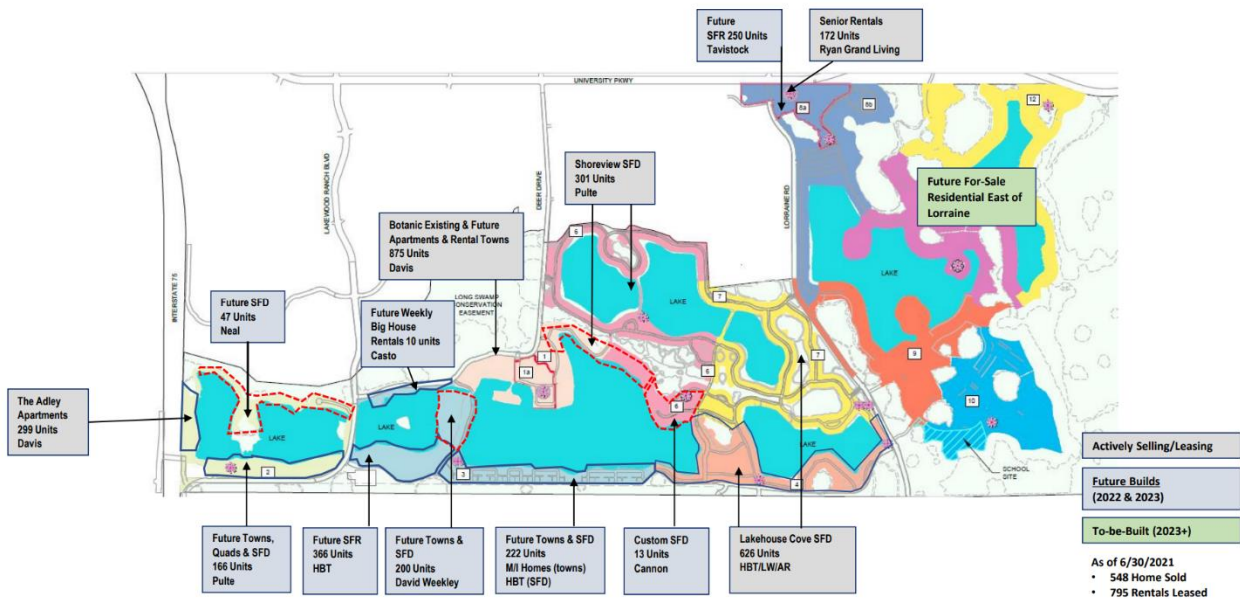
In order to deliver on the team’s vision, the site plan design incorporates open space by utilizing 25-foot setbacks on each of its walkways, allowing for outdoor dining and entertainment. Throughout Waterside Place are “merchant parks.” These are common areas utilized by businesses and visitors for activities like corn hole, people watching, and sunset views. Designated green space found throughout Waterside Place includes “**Island Park,**” which is eight acres connected by a pedestrian bridge that is home to beach volleyball, a splash park, and walking trails. There is no shortage of space for entertaining. The Development team understands the value it will bring to the community. Also located at the heart of the town center is Gateway Park used for neighborhood events like farmers’ markets, yoga, and live music. Garden style buildings will house 115,000 SF of commercial space.



55,000 SF of office space, utilized by local businesses, will be located on the second and third floors, and the balance (60,000 SF) of retail space will be on the ground level. West-Indian style design and materials are used to create the look and feel of a small Caribbean market. Both office and retail are complimented with ample outdoor amenities such as balconies, roof decks, and large Palladian windows. As quoted by **Kirk Boylston with SMR**, “Waterside Place will offer workers, residents, and visitors a dynamic experience that is continually evolving. Businesses that will flourish in this environment include boutiques, restaurants, spas, and neighborhood-oriented professional services.” Each carefully planned space will be connected with walkways, trails, and water-taxis. Abundant parking

with a ratio of 10/1000 SF is also available. Boasting a “Large town center appeal, with a small-town feel,” Waterside Place is the epicenter of the larger Waterside Community. When completed, Waterside will be a multi-generational community with different housing options for every demographic. Totalling 5,490 acres, 5,144 dwelling units will be served by Waterside’s vibrant town center. The community will include 3,700+ acres of open space, and in addition to the town center, will feature parks, a trail system, nature center, water taxis, and the Player Center, all served by new roads (Lorraine Rd and Lakewood Ranch Blvd). With the influx of new residents, Sarasota County has already secured land options for new schools. The residential mix as depicted below will be the largest addition of market-rate and workforce/affordable housing to Sarasota County in the last three decades.

WATERSIDE RESIDENTIAL PROGRAM



Walkable Community



Gateway Park

Market Analysis

ABOUT LAKEWOOD RANCH

Lakewood Ranch, home to Waterside Place is a 34,000-acre, award-winning master-planned community in Sarasota and Manatee counties on the West Coast of Florida. Made up of a collection of distinct villages and neighborhoods nestled within scenic natural surroundings, lively town centers, first-rate amenities, and several business parks, Lakewood Ranch is a highly sought-after community. Home to more than 36,000 residents, A-rated schools, the Lakewood Ranch Medical Center, the Sarasota Polo Club, a 75-acre Premier Sports Campus, and multiple private gated communities with golf clubs, Lakewood Ranch is the perfect setting for a vibrant waterfront town-center like Waterside Place.

Waterside Place is one of Lakewood Ranch's newest villages. Bordering University Parkway and Interstate 75, and now a recently constructed connection to Fruitville Road, Waterside Place is setting the bar for future developments in the region. In total, Waterside will feature more than 5,000 homes in 12 neighborhood villages connected via trails and water taxis.

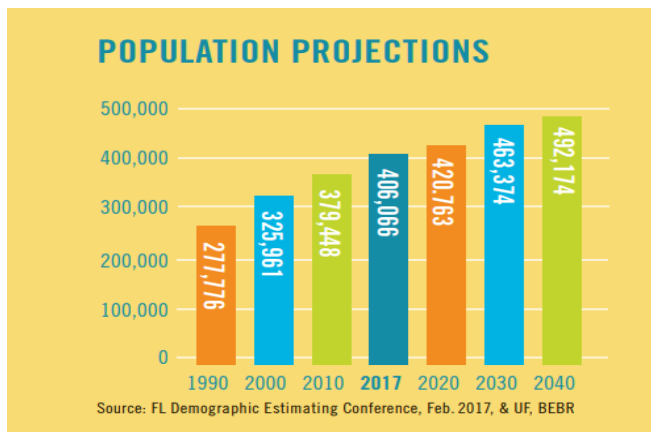
Conducting a market analysis for SMR Development was less an exercise in identifying market feasibility, and more an attempt to push the market to levels not commonly found in Southwest Florida. Much of Florida's development has historically been found in more densely populated areas of Miami-Dade and Broward Counties on the east side of the state. These markets typically draw comparisons to cities like New York, Boston, and Washington D.C. However, Southwest Florida has historically been slow to attract direct investment from large institutional or private equity investors and have mainly relied on small regional or local developers to redevelop infill or rural areas as populations grew. As the concept for Waterside place evolved, so did the demographics in the local area. Traditionally attractive to second home seasonal buyers and retirees moving from northern states, Lakewood Ranch is known for its laid-back vibe and proximity to gorgeous sun coast beaches. For a project like Waterside Place, SMR would not only need to carefully plan its entry, they would also need to benefit from ideal timing. The opportunity for a Trophy Class A town center located in Lakewood Ranch as contemplated by SMR could have been much different had they delayed plans by a few months. The bottleneck of construction materials, shortage of labor, and inflation of costs fueled by the global Covid-19 pandemic could have eliminated any chance Waterside may have had if SMR did not move forward when they did. Breaking ground in 2018, SMR certainly did not see what was coming, but moved quickly to secure contractor bids and materials well ahead of other developments in the area. By locking in to design, engineering, and contractor agreements, SMR would not only deliver Waterside Place on time, but also under budget. The surge of incoming populations and change of demographics would later be a catalyst for Waterside Places' success and return on investment for SMR Development.

BY THE NUMBERS

A STRATEGIC LOCATION

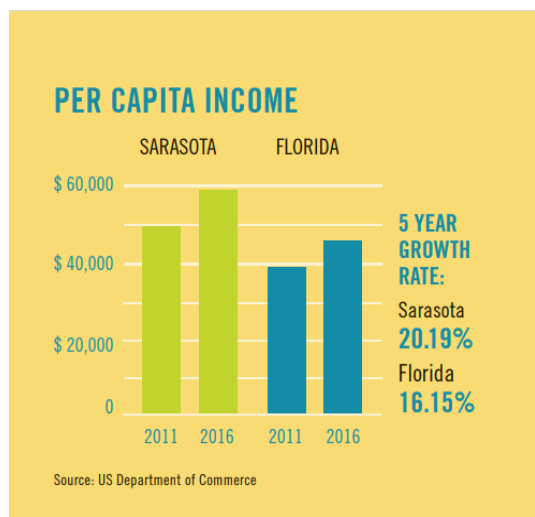
- Best-Selling Community in the U.S. for All Ages
- 17,704 households, 42,850 residents adding 3,170 per year
- 133,520 residents in the 10-mile trade area
- Average household income of \$130,878
- Total population of Lakewood Ranch projected at 80,000
- Largest job center in MSA with more than 5.6M square feet of office, retail and hospitality, housing 16,000+ jobs.
- Corporate Park in Waterside is the largest business park in the two-county region
- Located in Sarasota County, the heart of Florida's Cultural Coast
- Developer with a 25-year track record of success
- Easy access to I-75 and Sarasota with three nearby airports

Lakewood Ranch is home to 17,704 households with an average household income of \$130,878. With 50,000 +/- residents and an additional 3,170 being added each year, Waterside Place is well positioned to attract high-end residents, tenants and businesses. Additionally, Waterside place serves nearby Sarasota and Manatee Counties with 133,520 people in a 10-mile trade area. Covid-19 has also created more opportunity for people to relocate to low tax states like Florida, further increasing the influx of a new type of demographic not commonly found in areas like Lakewood Ranch. One could certainly say SMR timed this project perfectly.



Projections for growth in the county are pretty impressive. As noted in the Population Projections table, Sarasota is expected to grow from 420,763 in 2020 to 463,374 in 2030, an increase of 4,260 annually. This increase will certainly require new communities with exceptional amenities. Per capita income in Sarasota is higher than the State of Florida by a significant amount.

The average Sarasota per capita income is roughly \$20,000 more than the rest of the state of Florida with a 20% 5-year growth rate. This pace provides a high level of confidence for SMR and other developments in the area for attracting the right mix of tenants and affluent consumers. The median age in Lakewood Ranch is 45, but the larger MSA to include greater Sarasota/Manatee County is quickly attracting younger families. In fact, Sarasota was the eighth fastest growing U.S. metro area for millennials between 2010 and 2015, according to the Brookings Institute.



Lakewood Ranch also attracts businesses. With 4.5 million SF of commercial and industrial space and another 10 million SF planned, many corporations are moving into the area. There are currently 1,383 businesses located in Lakewood Ranch and 15,000 employees. The area is attracting workers in both high tech industries like Healthcare and Technology to a robust construction and retail sector. Recent developments like University Town Center, developed by Benderson Development, are recognizing the void for Class A development and are now planning for additional retail and multifamily projects. The largest employer in Lakewood Ranch/Sarasota is Sarasota Memorial Health that employs nearly 4,563 healthcare and support staff. Sarasota’s native “First Watch” restaurants, who recently launched their IPO on the New York Stock Exchange, also call Lakewood Ranch home with their recently developed 55,000 SF corporate headquarters.

32 Residential Villages

Rental, Single Family, Condos, Active Adult & Age Restricted, Assisting Living

20,700

Households (For-Sale & Rent)*

50,000

Population

47

Average Age

\$130K

Average HH Income

74%

College Educated

In order to ensure feasibility for both commercial space and a diverse mix of residential housing options, SMR Development conducted a trade area analysis. Spearheading the analysis was RCLCO who was hired to analyze the local market using comparisons to local, regional, and national town center projects with similar characteristics. What RCLCO found presented both opportunities and challenges for **SMR Development** and the success of the project would rely heavily on the right mix of tenants, amenities, housing options, and infrastructure. Using a 2.5, 5- and 10-miles radius, RCLCO looked at median household income, average household income, current population, current households, persons per household, and total retail expenditures. Their findings required SMR Development to reduce the total square footage of commercial space from 200,000 SF, allowed by right, to 115,000 SF. Anything larger would have required SMR to introduce an anchor tenant which could have diminished the “small town” feel, as well as the team’s negotiating power. With a total retail expenditure of \$1,369,823 within a 5-mile radius, a smaller, more local town center was the logical choice. The team also looked at who would ultimately be buying homes in and around Waterside, and by doing so, the development team would strategically identify the right housing product for the anticipated home buyer or renter. What the team found was the largest cohort of potential buyers were “entry level,” or “first move-up” buyers, making up 84% of likely purchasers. Empty nesters/active adults made up the second largest cohort at 71%. Knowing this was instrumental for SMR to plan accordingly, choose the best builders, and designate the right amount of open space/amenities. Additionally, RCLCO identified a national distribution where buyers are relocating from, with the Northeast being the largest group followed by Chicago and California.

Planning and Entitlement

Planning for Waterside Place is covered in Sarasota County's larger 2050 Comprehensive Plan adopted in 2012. Under this plan, Sarasota included guidance within the urban/suburban settlement area that would conform to the pattern and design goals of the Village and open Space Resource Management Area-3. Under the plan, new developments that provide housing would be required to be within a quarter mile radius of a neighborhood center. The goal of the 2050 comprehensive plan was to encourage an increase in residential/retail density within the rural heritage/estate village reserves, similar to the one where Waterside Place is located. Under RMA-3, SMR development would benefit from expedited staff reviews and scheduling of any special exceptions/variances needed, although this would not be required.

Waterside Place would fall under specific zoning as described in the 2050 Comprehensive Plan as "Village/Open Space Resource Management Area Designation." The intent of this new form of development is meant to ease the need and avoid the negative impacts of urban sprawl by minimizing infrastructure costs, traffic congestion, and environmental degradation. This mixed-use system of zoning would allow for pedestrian-friendly villages situated within a system of large areas of open space. Affordable housing is also required and is typically integrated within the commercial or civic uses. Typically found in mixed-use zoning, Waterside Place would incorporate a smart, fully connected system of streets and roads that would be utilized by pedestrians via bicycle, walking trails, or other transit means required under the 2050 plan. Density requirements under RMA-3 zoning developments would allow for:

- **Maximum Size:** 3,000 Acres of Developed Area
- **Minimum Size:** 1,000 Acres
- **Minimum Density:** 3 du/Gross Developable Acre
- **Target Density:** 6 du/Net Residential Acre
- **Village Center Maximum Size:** 100 Acres
- **Maximum Size (Commercial):** 300,000 GLSF

In addition to these mandatory requirements, the 2050 Comprehensive Plan for RMA-3 zoning would ensure certain regulations are met. These regulations would stipulate appropriate public facilities are allocated. The plan also requires developers to add future traffic circulation improvements, interconnected street networks, multimodal transportation systems to support alternative modes of transportation, interconnected bicycles and pedestrian systems, and specific requirements for landscaping, stormwater, and waste water. As with most urban mixed-use centers, the 2050 Comprehensive Plan would require developments to dedicate a specific amount of both open and recreational space outside developed areas, incentivized by the transfer of development rights to reach target space requirements.

When Sarasota County adopted this new vision for the County, they also required village/hamlet developments to be reviewed as part of a Development of Regional Impact (DRI). The additional layer of approval would ensure the timing and phasing of a development throughout the county would meet the needs of a growing population. To limit the maximum amount of urban development at any given time, Village development would not be approved if such approval would cause the dwelling unit capacity for urban development within the unincorporated County to exceed 150% of the forecasted housing demand for the subsequent 20-year period. This would be evaluated annually through a monitoring program that calculates housing demand.

The 2050 Sarasota County Comprehensive Plan provides developers with a baseline and structure that implements smart growth and conservation for what hopefully gives **Waterside Place** the best opportunity for success. Both Developers and County Planners evaluate key drivers for effective growth strategies and implement those strategies accordingly. Although Developers and Planners do not always see eye to eye, they are mutually working to provide a framework for ensuring viable projects will sustain the challenges associated with fluctuation in populations, consumer preferences, and urban/suburban sprawl. Some of those drivers that would have been considered when drafting the comprehensive plan and subsequent zoning ordinance would have been the following:

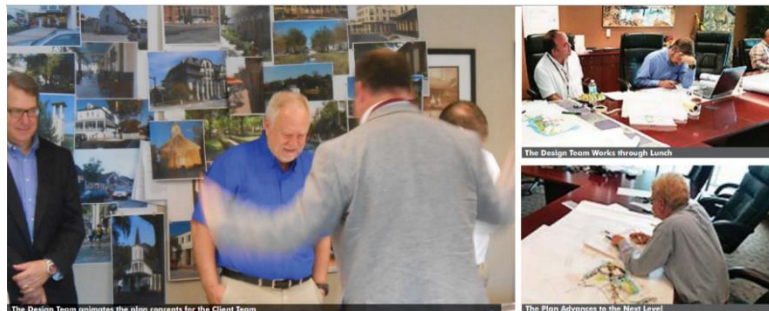
1. Changing demographics and lifestyle preferences.
2. Desire for low maintenance living in walking distance of people/activities.
3. Change from contemporary to neo-traditional designs.
4. Trends in retail, apartment, and office development.
5. Commercial sprawl versus compact, highly defined town centers; special place versus commodity.
6. Desire for strong sense of community.
7. Convenient lifestyle.
8. Desire/need for public realm.
9. Space for events, fairs, and holiday celebrations.
10. Desire for recreational amenities and open space.

Although SMR Development did not have the challenges most developers encounter such as rezoning or special exceptions, they would have strict requirements to meet when designing the community. Affordable housing, open space, trails, and infrastructure are becoming the responsibility of developers and homeowners at an eclipsing pace. As municipalities struggle with increasing costs and less financial resources, developers are underwriting these “lost costs” into their proformas. Working in conjunction with the 2050 Comprehensive Plan, SMR development saw opportunity under the county’s ordinance, and instead used it to create a project that meets the demands of the changing demographics throughout the region while fulfilling the county’s vision for smart growth.

Design

Waterside Place and the concept behind SMR's development evolved over time. The team through careful planning executed the concept design to create a true experience for the businesses, residents, and consumers who now call Waterside Place home. In collaboration with architects, consultants, and contractors, SMR Development looked for the best-in-class design and material package to deliver a Class A destination with every detail chosen to ensure the vitality of the community. Preceding the Global Covid-19 Pandemic, Waterside Place was designed to provide flexible spaces for businesses and consumers to leverage with abundant open space and access to the outdoors. Restaurants, wine shops, yoga studios, and other neighborhood retailers would be the prime beneficiary of the design choices that were incorporated.

The design for Waterside Place would use the best practices of the most successful projects found throughout the United States. SMR would invest a considerable amount of time studying other designs and incorporating elements that would best complement the growing demand for quality projects consumers and businesses desire. Waterside Place is a culmination of each lesson learned.



PROGRAM

- INN? - 50 ROOMS?
- 120k +/- RENOV. 60% RESTAURANTS (4-6 PROS OR BARS)
- 75k OFFICE RENOV.
- WEDDING CHAPEL? (TOWN HALL)
- BAC PARK
 - DAY CARE
- PA-C - 5000sqft - SECT. 950
- DENTHOUSE - CREW FACILITY w/ RESIDENT?

- CAPTURE A SENSE OF ARCHITECTURAL CHARACTER
- EACH PHASE SHOULD LOOK COMPLETE
- PEDESTRIAN ZONE IS VERY IMPORTANT
- IS THERE A VERTICAL ARCHITECTURAL ELEMENT?
- TOWN HALL?
- COVERED SIDEWALKS
- POCKET PARKS/MUSE
- PATHWAYS BY THE LAKE

Some key takeaways discovered throughout SMR's design process were as follows:

- 1) **The Town Center would serve as the main amenity for the larger community.**
- 2) **Design with purpose to increase surrounding land values.**
- 3) **The Town Center needs to be memorable to its visitors.**
- 4) **Create flexible space.**

By following these principles and incorporating them into the design, the team would ensure flexibility and long-term economic viability for years to come. Using Urban Land Institute case studies, SMR would design with a purpose to create an enduring public realm, integrate multiple uses, and balance flexibility with the team's long-term vision. The design found throughout Waterside Place keeps spaces flexible, allowing for transition from retail to office or vice versa should the need arise. Sustainability would also be utilized by adding EV charging stations and opportunities for multimodal modes of transport. Additionally, the design would integrate significant pedestrian networks to connect the surrounding villages, creating a density of core users to support the town center's economics. A Waterfront destination filled with

amenities, accompanied by activities, would certainly draw consumers from surrounding areas. The design ultimately chosen was inspired by British West Indian influences found throughout the Caribbean, creating a unique experience for residents and businesses. The commercial buildings provide different elevations but most include two- or three-story buildings with retail on the ground floor and office on the second or third. Additionally, there are five standalone buildings with water frontage surrounded by multifunctional open space. Each building is front facing meaning the parking is mostly located in the back accessed through verandas. 25-foot setbacks allow for pedestrian mobility and neighborhood activities. The clean lines and gabled windows commonly found in British West Indian architecture add to the transitional exterior throughout the project. It is a perfect mix of contemporary and traditional with a hint of modern coastal. High quality materials such as timber, brass lighting, paver hardscapes, and custom signage packages further add to the quality finishes found throughout. Each building was designed with purpose ensuring an easy flow for pedestrians navigating their way through Waterside Place. Each element provides a unique opportunity for the community to flourish and will create a cohesive environment for many years to come.



Marina & Water Taxis



Gateway Park



Project Financing

Assumptions

Total Project Cost: \$36,000,000*

LTV: 70%

Equity Investment: \$10,800,000*

\$ per SF Commercial: \$27/SF

Avg Rent Residential: \$1,650

Avg \$ per DU: \$650,000

Avg Payment per DU: \$32,000

Avg \$ per Acre: \$200,000

Although SMR Development would not disclose the total project cost due to confidentiality reasons, it was reported by local media the total cost was approximately \$36,000,000. Based on this, you can deduce specific assumptions needed to model out the project's potential return on investment. Kirk Boylston with SMR Development confirmed the project was financed through a construction loan with a local lender which will ultimately be converted into permanent financing, as SMR Development will likely hold onto the project as a long-term operator.

Additionally, Kirk also highlighted the company's overall strategy for this project would leverage the quality and notoriety from the commercial town center to increase the value of the residential lots they would eventually sell to builders. This "build it and they will come" philosophy is not your traditional approach used by large developers, but for SMR this strategy is the highest and best use. As later discussed in the team's exit strategy, SMR is building a legacy and wants to maintain control of the majority of their projects. This long-term hold fits with SMR's desire to build upon their legacy in Southwest Florida. However, should the team decide to exit, using the above assumptions, you can formulate a simple proforma. Waterside Place is set to deliver its commercial town center in November 2021 and once the project is completed, SMR Development will have also sold approximately 5,000 +/- single family home lots to various builders, further enhancing the team's return on investment. Using this assumption, cash flows in year one would be as follows:

Year One Cash Flows

- **Retail/Office Rent:** \$3,105,000
- **CAM:** \$(1,150,000)
- **Debt Service:** \$(1,716,984)
- **Residential Sales:** \$16,250,000
- **NOI:** \$16,488,016

As stated by Kirk Boylston, the Town Center is asking \$27.00/SF for retail with a CAM (Common Area Maintenance) charge of \$10.00/SF. Assuming SMR's debt service is interest only with a loan amount of \$25,200,000 (70% LTV of \$36M), annual debt service is \$1,700,000. If the expected \$/per lot sale is \$32,000 (5,000 Dwelling Units), you can underwrite the financial value over ten years to determine SMR's return on investment.

Adjusting for inflation of 3 percent annually and rent growth of 2 ½ percent, you can build a 10-year valuation. Most commercial loans sunset in 10 years with a balloon payment, at which point SMR Development would face a \$20,000,000 liability. Capitalization rates for class A mixed-use retail typically trade at 6% or below. Basing a reversion in year eleven, assuming Waterside Place is fully occupied, SMR development would have collected approximately \$133,304,007 in total cash flow for the preceding ten-year period. Using a reversion cash flow in year 11 of \$814,801, SMR Development could sell the stabilized project for \$13,569,000. Considering SMR’s original equity investment of \$10,800,000, the Development team would realize an impressive 1,234% return on investment and an internal rate of return of 264%. This assumption would include SMR’s disposition of all 5,000 residential lots in year 3. As a master developer SMR controls the land and has allotted nearly 3,000 acres for residential development surrounding the Waterside Place town center. To ensure stable price appreciation throughout Waterside, SMR development will phase out the construction of residential dwelling units by balancing supply and demand. Currently Sarasota County is experiencing records levels of low inventory for New Construction Homes with an absorption rate of nearly .8%. Traditionally, in a healthy market, absorption rates hover around 4 months. This imbalance of demand will ultimately benefit SMR Development should the current trends continue. Waterside will be a mix of housing to include both market-rate and affordable housing. Prices will vary from both entry level to luxury with an average sales price of \$650,000. A Master Developer maximizes the highest and best price for the entitled land. As depicted in the below proforma, SMR Development will realize approximately \$146,250,000 in residential sales over the life of the project.

Operating Proforma 2021-2031

Waterside Place Operating Proforma												
Commercial SF	115,000											
\$/SF	\$ 27.00											
Townhomes	22											
\$/Townhome	\$3,500											
Apartments	852											
\$/Apartment	\$1,875											
CAM/SF	\$ 10.00											
Residential	5000											
Avg \$ per DU	\$ 650,000											
\$/DU 5% of SP	\$ 32,500											
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11 (Reversion)
Construction Costs	\$ (36,000,000)											
Commercial Rent		\$ 3,105,000	\$ 3,182,625	\$ 3,278,104	\$ 3,376,447	\$ 3,477,740	\$ 3,582,072	\$ 3,689,535	\$ 3,800,221	\$ 3,914,227	\$ 4,031,654	
CAM		\$ (1,150,000)	\$ (1,184,500)	\$ (1,220,035)	\$ (1,256,636)	\$ (1,294,335)	\$ (1,333,165)	\$ (1,373,160)	\$ (1,414,355)	\$ (1,456,786)	\$ (1,500,489)	
Debt Service*	\$ (10,800,000)	\$ (1,716,984)	\$ (1,716,984)	\$ (1,716,984)	\$ (1,716,984)	\$ (1,716,984)	\$ (1,716,984)	\$ (1,716,984)	\$ (1,716,984)	\$ (1,716,984)	\$ (1,716,984)	\$ (20,800,000)
Revenue from Residential		\$ 16,250,000	\$ 65,000,000	\$ 65,000,000								\$ 13,569,683
Net Operating Income	\$ (10,800,000)	\$ 16,488,016	\$ 65,281,141	\$ 65,341,085	\$ 402,827	\$ 466,421	\$ 531,923	\$ 599,391	\$ 668,882	\$ 740,458	\$ 814,181	\$ (7,230,317)
		500	2000	2000								\$ 133,304,007
ROI	1234.30%											
IRR	264%											

Operating Challenges

Waterside Place will certainly leave its mark on the local area and attract other developers to continue the surge of new construction projects, particularly high-end class A multi-use real estate attracting affluent consumers. This does not mean the project was not susceptible to challenges. Waterside Place through its planning and design phase would anticipate operational hazards and did its best to mitigate the potential risk. Parking, mechanical placement, and ensuring little to no dead space were a few of the critical decisions SMR Development prepared for. One of the biggest challenges for SMR came early in the planning phase. Originally, the team wanted the town center to include fee-simple condominiums commonly found in more urban developments throughout the northeast. This would present an operational impasse for SMR as they are long-term investors and would not exit the project once stabilized.

Instead, SMR would hold Waterside Place as a long-term asset, and to accomplish the goal of creating a lively town center would mean SMR would need control of all of the assets throughout the project. By doing so, SMR would leverage their operating experience by ensuring the ability to attract and retain tenants. This strategy would employ a diverse set of marketing activities to include a long list of activities hosted by SMR Development, setting the stage for delivering an urban feel in a somewhat suburban location. By operating the project, the success of Waterside became more viable and would reduce the risk of deflated land sales and high tenant turnover. Additionally, the financial perils of insurance and financing fee-simple residential properties throughout the town center would eventually dilute SMR's return on investment.

The design in Waterside Place included several free-standing builds which in and of itself presents a few challenges. Occupied by retail tenants, these buildings of "pods," as referred to by Kirk Boylston would require a few modifications. To present the best curb appeal possible, the buildings would need to disguise the MEPS's and trash receptacles by developing creative solutions. To do so, the team decided to build attached trash rooms that were placed behind metal gates. The HVAC systems would also be a huge detractor to the aesthetics of the well-appointed builds. Instead, the design team decided to sink the mechanical equipment into the pitched roofs camouflaging them from the public eye. These decisions sustained the integrity of the developer's vision and created more space for community activities with minimal downside to the architecture.

Additional changes to the original design were implemented by Kirk Boylston as well that would prevent any dead space for tenants throughout the community. It was important to Kirk to ensure each tenant would share equally in the opportunity created by SMR Development and by doing so, decided to reduce the size of the commercial space and replace it with residential rentals. This kept each tenant within the frame work of a walkable community with equal visibility throughout.

Exit Strategy

SMR's exit strategy, although subject to change, would be to hold the Waterside Place project as a long-term investment. SMR is a multi-generational company more interested in creating value by developing lasting communities as opposed to a "quick flip." Over three decades, SMR has contributed a vast array of land and resources to the Lakewood Ranch Master Planned Community, giving back along the way. This philosophy maintains the team's commitment to providing long-term financial returns to the company and its stakeholders through smartly planned development. Waterside Place is a culmination of the team's decades-long business plan to build a sustainable legacy that will continue to attract the attention of new businesses and residents, while pushing the envelope of design and planning. Investment into Waterside Place by SMR Development will likely be one for the record books, but the team knows it will eventually pay large dividends. The team's motivation to build a vibrant destination will not only create attractive cash flows for SMR, but will be a significant driver for the company's nearby holdings. SMR Development's vision for Waterside Place will certainly be cemented in Florida's newfound affliction for projects of this magnitude, setting the stage for a burgeoning development boom in the Sunshine State.

Innovation and Impact of the Development

Waterside Place which is part of the Sarasota/Manatee County DRI (Development of Regional Impact) has turned the pages on development in Southwest, Florida. The neighborhood will be responsible for a migration of new residents that will quickly demand higher quality, walkable communities that support the local economy. SMR's vision from inception has been to ensure the long-term viability of "local" businesses in Waterside Place through a strategic execution of space planning, architectural features, modality of transportation and community events securing an optimal environment for both its businesses and residents. By fundamentally investing into the commercial district, SMR will deliver a well-connected community while adding long term value to SMR's shareholders. The new surge of residents and businesses will lead to further investment in surrounding infrastructure like schools, hospitals, churches and recreational parks. The team's remarkable commitment to developing lasting communities will continue to lead innovation and investment from other developers looking to compete in a region that will be further defined by its new visionaries following in the footsteps of the extraordinary team that made Waterside Place a reality. I can't thank Kirk and his team enough for the opportunity to better understand what it takes for a developer to bring a vision from paper to a truly world class community.

References

Interviews

Kirk Boylston – President, Lakewood Ranch Commercial (October 2021-November 2021)

Laura Cole - Senior Vice President, Lakewood Ranch Commercial

James Hugglestone - Architect, Fawley Bryant

Literature & Reports

Sarasota Economic Development Corporation

[EDC | Sarasota County Economic Development Corporation \(edcsarasotacounty.com\)](https://edcsarasotacounty.com)

Sarasota Planning and Zoning Department (2050 Comprehensive Plan)

[Planning | Sarasota County, FL \(scgov.net\)](https://scgov.net)

Waterside Place Website

[Waterside Place](#)

Lakewood Ranch Commercial Website

[Home Page | Lakewood Ranch Commercial \(lwrcommercial.com\)](https://lwrcommercial.com)

RCLCO Market Study (Town center/Village Study for Waterside Place)

Greg Logan, Managing Director June 1st, 2016

Timeline for Waterside Place Development (Bradenton Herald, 2020)

[Timeline for development of Lakewood Ranch | Bradenton Herald](#)

Special Thanks and Acknowledgment

Thank you to **Catherine Ryckman** who was an exceptional advisor throughout this project. Your organization and willingness to help was a tremendous effort and I could not have finished this without you.