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## Project will alter landscape of Charlotte County

By DEVONA WALKER  
[devona.walker@heraldtribune.com](mailto:devona.walker@heraldtribune.com)

CHARLOTTE COUNTY -- Florida has just sealed the deal with Syd Kitson, purchasing 74,000 acres of Babcock Ranch for \$350 million. And though many hurdles stand between Kitson and his mammoth land development project, the town of Babcock Ranch already has a life of its own.

Some trot out buzzwords like "new urbanism" and "master planned community" to define it. Others point to predecessors like Lakewood Ranch in Manatee County or Ave Maria, currently under way in Collier County, to describe it.

Meanwhile, some critics have illustrated the parallels between the potential impact of Kitson's project and the General Development Corp. debacle.

The Kitson & Partners project seeks to create more than 19,000 residential units and 6 million square feet of office and commercial space on 17,000 acres in Charlotte and Lee counties. In reality, the project defies definition or description, as nothing like it has been done before -- not in Florida, or anywhere else.

"There is nothing of its kind," Syd Kitson said. "We want this to be a model, not just for the state, but for the country, of how to plan a community."

Many in the real estate community say the project, if approved, will permanently alter the landscape, architecture and demographics of Charlotte County. It is a project that is likely to make Charlotte more desirable to higher-end home buyers.

"Basically what's happened, is that you've grown up. You've been found out, and the big guys have shown up," said Don Arnold, of Naples-based Arnold & Arnold Real Estate Inc., which has invested more than \$70 million in Charlotte County.

Arnold says development companies like his are small potatoes considering Charlotte County's future development.

Babcock Ranch is an indication of things to come, he added.

Five years ago, large players like Arnold might build 50 to 100 homes at a time.

"It's just as easy for them to design a community on a 1,000-acre track and build a thousand homes as it is for us little guys to build 50."

Deeper pockets are fueling the trend toward large-scale or master-planned residential development, said Gopal Ahluwalia, an economist with the National Association of Home Builders.

But Ahluwalia says the trend also reflects the evolving interest of modern home buyers.



STAFF PHOTO / NINA GREIPEL

Developer Syd Kitson says the Babcock community's appeal is that it will provide the intimacy of small-town living with modern world conveniences.

### How Babcock Ranch measures up New York City: 321 square miles

**Babcock Ranch:** 141 square miles  
 (91,000 acres)\*

**Philadelphia:** 135 square miles

**Grenada:** 133 square miles

**Washington, D.C.:** 68.25 square miles

**Liechtenstein:** 62 square miles

**Lakewood Ranch:** 48.4 square miles  
 (31,000 acres)

**San Francisco:** 46.7 square miles

**\*Note:** 115 square miles of Babcock Ranch will be a state-owned park; 26 square miles or 17,000 acres will be used for the town of Babcock Ranch.

"In the last 15 years, the land development business has become really a deep-pocket business," he said. "These days people are not looking at cookie-cutter homes. People used to buy for shelter. Now, they are buying for a lifestyle."

Master planned communities, by nature, plan for lifestyle amenities such as playgrounds, jogging trails, sidewalks and home model variety.

The larger ones provide shopping centers, schools and recreational areas.

Consequently, they appeal to a more varied audience, one that most often includes anticipation of the millions of soon-to-be retiring baby boomers.

Kitson says the Babcock community's appeal is that it will provide the intimacy of small-town living with modern world conveniences. His plans include not only traditional master planned and new urban amenities, but equestrian trails and a wildlife preserve.

Florida is leading the nation in this growing trend toward master-planned communities, with many of the nation's home-building heavy hitters investing considerably in the Sunshine State.

For example, Miami-based Lennar Corp., No. 3 industrywide, has more than 100 divisions in Florida, and is responsible for developing more than 800 communities nationwide.

### **Unprecedented gains, risk**

Charlotte County has seen nothing on the Babcock scale in terms of raw dollars, impact or marketing since the early days of the General Development Corp.

General Development dissected the county into more than 200,000 single-family lots, with little cohesion, supporting infrastructure or planning.

Then, the company transported thousands of unsuspecting home buyers down from Northern and Midwestern states, isolated them in hotels and sold them homes at inflated prices and sometimes on fraudulent terms.

"They traded on misinformation and fantasy," said Dr. Wayne Archer, a real estate finance professor and assistant director of the University of Florida school of business. "They would go up and promise people beautiful communities they had no intention of building."

Charlotte County was left with some of the most shoddy and remarkable examples of postage stamp development that Archer has ever seen -- lacking commercial spaces and infrastructure with acres upon acres of undeveloped single-family housing plats.

"That was an industry that traded on ignorance and fantasy, and was basically relieving people of their fortunes and not fulfilling their dreams," Archer said.

"Now developers are delivering at a high quality."

### **Before Babcock**

In 2002 came the launch of another master-planned community and a university, Ave Maria in Collier County.

It was founded by Domino's Pizza owner Tom Monaghan.

Ave Maria is coming with commercial space as well as K-12 schools. The first phase is expected to open

in 2007. An interim university campus near the Vineyards in the city of North Naples opened for classes in September 2003.

The Ave Maria Foundation partnered with Pulte Homes, the industry's second largest home builder.

Before Ave Maria was Lakewood Ranch, which straddles the line between Manatee and Sarasota counties.

The communities' creators took a similar tack to Kitson. They highlighted various lifestyle amenities, such as jogging trails, sidewalks, parks and recreational fields as well as a natural setting: Residential development makes up 7,000 acres of the property's total 30,000.

Schroeder-Manatee Ranch Inc. also provided a wide range of home prices, from less than \$100,000 to \$3 million.

Also, much like the proposal for Babcock, Lakewood Ranch involved a massive undertaking with years of planning, a host of home builders, hundreds of millions of dollars in capital and a multifaceted marketing campaign.

"We presented it as Florida's new hometown. This is a place where you can live, work, shop and play -- a self-contained community," spokeswoman Sondra Guffey said. "We have that tag of the nature of Florida living. That is very important to us."

Lakewood Ranch used local newspaper ads and billboards, maintained an Internet presence, conducted online marketing, advertised at trade shows and held events like family fun nights and barbecues -- everything from the grass roots to broadening its visibility internationally.

Later, after adding a country club, the development's backers began advertising in glossy lifestyle magazines. It was all needed to bring in a diversity of home buyers.

"There are several, distinct audiences that we have tried to attract," Guffey said. "You can't have one campaign that's going to reach everybody."

### **Making, protecting the brand**

With successful marketing came a valuable brand, and early on Lakewood Ranch was vigilant in protecting that commodity.

Even before breaking ground there was the emergence of Lakewood Ranch hair salons, laundry mats, grocery stores and real estate Web sites -- none of which had any affiliation with Lakewood Ranch.

"We saw it all the time. We see it all the time. They want to tie into that name. Everyone around us wants to claim they are part of Lakewood Ranch," Guffey said.

"I guess that's flattery. Anytime you have something successful, there's going to be people who want to be associated with it."

Branding the community was a delicate process, and Lakewood Ranch was cautious about how the name was used.

These days, Schroeder-Manatee does not worry too much about brand misappropriation.

"Now, it's almost like Sarasota. You can't stop someone from calling their business Sarasota hair salon," Guffey said. "But it was only as it came into maturity that we allowed it. We have reached a level of maturity. Now, we are a destination and a known location."

Kitson, too, is cognizant of the importance of protecting the Babcock brand, especially during the initial marketing phase of the project.

For a national marketing campaign to work, the brand must have meaning and credibility, Kitson said.

To attract a diverse base of home buyers -- everyone from multimillion-dollar buyers to service sector folks, young professionals, second-home buyers, police officers, teachers and retirees -- Babcock's backers will initially begin their marketing efforts in the Northeast and Midwest, targeting retiring baby boomers and second-home buyers.

### **Impact on real estate market**

Though Babcock Ranch will have its own in-house sales department, area real estate agents will have a role in marketing and selling ranch homes.

Independent Realtors will work with the ranch on a commission basis, as they do with other home builders, Kitson said.

Many expect a payday even if they are not selling specific Babcock Ranch homes: the development is likely to elevate the value of surrounding homes.

"It will be an advertising tool for anyone doing business in that immediate area," said Dave Nelson of Investors Choice in Englewood and Port Charlotte. "It's going to be a nice development, and it's going to bring up the area with it."

Agents also expect to cash in on overflow.

"There will be more interest in the area. There will be people from outside the state who never would have come if it weren't for Babcock Ranch," said Catherine Allford of A&A Select Realty Inc. in Port Charlotte, speaking of the proposed marketing campaign.

Allford imagines scores will come for Babcock homes.

Some will be deterred by price, and those home buyers will begin to do business with surrounding agents, turning their interest to other communities.

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