VANGUARD LAND
FINANCING & DEVELOPMENT

HOMES: CANADA BUILDER JOINS WITH SARASOTA FIRM ON VAST THOMAS RANCH PLAN

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NORTH PORT - Canada's largest homebuilder plans to team up with a Sarasota developer and land investor to construct more than 11,000 homes in South Sarasota County.

In one of the largest Southwest Florida land deals in recent history, Mattamy Homes and Vanguard Land Co. paid $86.25 million this week for a 9,650-acre tract in and around North Port known as Thomas Ranch.

Development is expected to begin in 2016 and span 20 to 25 years, with 700-2,000 homes built at a time.

The property has already been approved for more than 11,000 homes and 3 million square feet of commercial space.

Vanguard Land, a Sarasota real estate acquisition and development firm headed by former Taylor Woodrow N.A. CEO John R. Peshkin, will be a minority partner and provide planning and direction.

"It's very rare to find a property of this size with the comprehensive plan approvals," Peshkin said Friday. "It's a great location and a great market, one of, if not the best, tracts of land on the west coast of Florida."

If built out as expected, the project will dwarf other sizable residential developments in progress or planned for the area, including Grand Palm by Neal Communities; Gran Paradiso by Lennar Homes; and IslandWalk by DiVosta.

David Hunihan, director of sales at Neal, said Thomas Ranch wouldn't so much be competition for the 1,999-home Grand Palm project, so much as it would provide another option that ultimately draws potential homebuyers to the area.

"I look at it more from an abundance mentality," he said. "Communities different than ours make the pie bigger and appeal to more people, rather than us fighting over the same buyer."

Homebuilders also seem to believe buyers are ready now and will be in the future. In pre-recession years, builders annually pulled permits for about 6,000 new homes in Sarasota and Manatee counties. Today, even with a new-home resurgence, residential construction is about half that level.

"There is still room to grow just to get back to normal levels," Hunihan said.

Thomas Ranch, which lately has been used as grazing land by 150 head of cattle, has long been in play for potential development.

Previously known as the Taylor Ranch and the Berry Ranch, it was part of the ambitious West Villages residential and commercial project proposed just as the the mid-2000s boom market was faltering.

The ranch also marks Oakville, Ontario-based Mattamy's largest real estate purchase in 10 years of operating in the United States.

"This is a once-in-a-lifetime opportunity, from our perspective," said chief operating officer Brian Johnston. "In Canada, there are large tracts of land, but nothing remotely close to being as developable as this piece of land."

Home sales will target all segments, including first-time buyers and families, Johnston said, but primarily current and future retirees whose numbers will be swelled by aging baby boomers.

"We're extremely excited about the growth potential of this part of Florida -- we believe that the baby boomer demographic will continue to look to Florida as a place they want to retire," said Peter Gilgan, Mattamy's founder and CEO.

North Port Mayor Jim Blucher said the city has planned for the massive kind of developments that Thomas Ranch could bring to the area.

"If their building plans aren't much different than the old owner, then I'm delighted with it," he said. "The devil is always in the details, but I wouldn't expect it to be much different."

Mattamy plans a variety of home sizes and price points, Johnston said. Additionally, some parcels may be carved out and sold to other builders to develop their own communities.

More than 6,000 acres are within the City of North Port, while the remaining 3,650 acres are situated in unincorporated Sarasota County.

Peshkin said he contacted Mattamy to team up on the project because he knew the company was comfortable with long-term land investments and development timelines.

Although homebuilding was brought to a virtual halt during the Great Recession, Peshkin believes Thomas Ranch will be sustainable -- even when other future downturns occur.

"There will be other cycles again, but we have the financial strength to work through cycles," he said. "There will be some ups and downs with a project of this size, and we expect that. But the long-term demographic trend is very favorable."

The property was sold by an affiliate of Thomas Enterprises Inc. of Atlanta, a real estate developer whose plans for a large-scale commercial project on the land never came to fruition.

Mattamy, with $1.4 billion in annual revenue and more than 60,000 completed homes in 61 North America communities, is already active in Southwest Florida.

Earlier this year it paid $17.2 million for 235 acres in Lakewood Ranch to build 675 single-family and town homes.

It also has residential communities in Jacksonville and Orlando.

Peshkin, a veteran developer whose resume includes 24 years with Taylor Woodrow, helped found Starwood Land Ventures, an affiliate of giant equity firm Starwood Capital Group Global. He was the company's first CEO before forming his own firm.

Vanguard Land's current projects include the second phase at The Concession luxury golf course community in Lakewood Ranch, and Portofino, a planned 50-acre commercial development in Venice slated to contain 450,000 square feet of retail and office space.