



David H. Farmer, PE, AICP

Dear Friends,

Welcome to another issue of my quarterly newsletter.

I hope that you find my content to be of interest and I look forward to bringing you several timely and quality topics with each issue. In this newsletter, please note the important information on Land Development Feasibility Assessment that I have provided. It is especially important in this day and age with an uncertain market.

I hope that you thoroughly enjoy this issue,

Dave

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LAND DEVELOPMENT FEASIBILITY ASSESSMENT

In the last issue I spoke of Due Diligence, a very important first step of the land purchasing process. In this issue, the focus will be on Land Development Feasibility Assessment.

Land Development Feasibility Assessments are becoming essential for financial institutions in today's commercial lending market. Land Development Assessments can help identify risk factors and red flags for pending commercial loans, development proposals, and loan refi's where the fundamentals may have changed since origination.

These important studies should be carried out *only* by a qualified team that has the ability to look at the project as a whole and accurately pinpoint risk factors and other items that may be overlooked by underwriters, appraisers and lawyers. When searching for a company to conduct an assessment on your project, be sure to engage someone with hands-on development



experience.

Land Development Feasibility Assessments should include reviews by multiple disciplines. The following items should be reviewed based upon the clients individual needs:

- ◇ Physical and Site Characteristics Development Suitability
- ◇ Zoning/Land Use Constraints
- ◇ Concurrence Review and Development Constraints
- ◇ Environmental Constraints Potential Wetland, Endangered Species and Archeological/Historic Issues
- ◇ Existing Utilities, Capacity Availability and Anticipated Off-Site Improvements

- ◇ Proposed Development/ Concept Plan
- Regional and On-Site Drainage Pattern Review including fill Import/Export Assessment
- Required Development Approvals including Local, State & Federal

Underwriters, while capable of assessing the risk of the loan from a credit and financial standpoint, may not be familiar with many of these important components related to the development industry. An experienced professional will review and define even the most complex documents and reports for you to unearth previously concealed risk factors that may negatively impact loan repayment.



Dave reviewing plans on a recent job

HEY DAVE! WHERE HAVE YOU BEEN??

The early part of the spring took me to Orlando where the market appears to be fairly steady. We will surely be keeping an eye on this area. Looking forward to the fall, I will be attending on October 23-26 along with 6,000 other real estate professionals representing 26 countries, the

Urban Land Institute's (ULI) Annual Fall meeting in Las Vegas, Nevada. This meeting offers Concurrent Real Estate sessions, mobile workshops, Special Interest tours and a luncheon with former Secretary General of the United Nations, Kofi Annan.

I am most looking forward to, the ULI/Stan Ross Real Estate Trends Conference that will likely give me important national market information.



Keystone Companies, LLC is a land development consulting and investment company serving Florida, Colorado and the Caribbean. Keystone provides over 37 years of experience in Due Diligence, Feasibility Assessment, Land Acquisition,, Entitlement and Development services, providing maximum returns and minimizing risk for investors.



We're on the web
www.keystonellc.net

Contact Us:

Keystone Companies, LLC
6017 Pine Ridge Road
Suite 326
Naples, Florida 34119
(239) 261-2140
Fax (239) 292-6081
dave@keystonellc.net
www.keystonellc.net

Sample of Keystone Services:

- ◇ Land Development Feasibility Assessment for Investors and Financial Institutions
- ◇ Florida Real Estate Broker
- ◇ Investment Potential Analysis
- ◇ Pro Forma Review
- ◇ Due Diligence
- ◇ Land Development Consultation
- ◇ Property Entitlement/Permits
- ◇ Project Risk/Feasibility Assessment



ULI Southwest Florida

If you are considering a career in real estate or the development industry, I strongly suggest that you consider becoming a member of the Urban Land Institute, or ULI.

Joining ULI will give you access to powerful information, but will also allow you to meet top executives in all areas of real estate, ranging from development to capital markets, who are ready and willing to share their experiences in honest and open exchanges of ideas with their fellow members. This kind of dialogue is priceless to those of us in the real estate industry. Founded in 1936, the institute now has more than 34,000 members worldwide representing the entire spectrum of land use and real estate development disciplines, working in private enterprise and public service. As the preeminent, multidisciplinary real estate forum, ULI facilitates the open exchange of ideas, information and experience among local, national and international industry leaders and policy makers dedicated to creating better places.

The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. Members say that ULI is a trusted idea place where leaders come to grow professionally and personally through sharing, mentoring, and problem solving. With pride, ULI members commit to the best in land use policy and practice. Joining ULI also gives members valuable access to ULI's publications, resources, and panels of experts. Membership really does have it's advantages.

I have been a member and have sat on the Board of Directors since 2001 and would love the opportunity to tell you more about what ULI has done for my career (I can also win some great prizes in the ULI Member Get A Member contest and so can you) Please give me a call at (239) 261-2140 or visit www.uli.org to learn more about a great organization.

MARKET UPDATE

The first two quarters of 2007 were a little slower than experts had initially suggested for the residential market. Absorption is slow, no if, ands or buts. Using listing and sales data from around South Florida a gargantuan 3-year supply of new and existing home inventory are on the market. In our last issues we discussed South Florida. South Florida, like other parts of the country, is experiencing an excessive supply of homes purchased by investors. New data indicates homes priced (and valued) over one million dollars are selling without too much trouble. The \$500,000 and under market will take more time to resolve, as end users are hard to find these days. This is still a buyers market for homes at the right price.

For now, too many sellers still remember the good old days when they "could have" sold their home or investment property for huge profits. As time continues to march

forward, tax and insurance bills added to the existing mortgage payments already carried by these unintentional "homeowners" will increase premiums significantly. Due to this fact, I see an *impressive* liquidation phase on the horizon.

This will be a necessary step to bringing the real estate market in all areas back into equilibrium where the available inventory supply and demand are on par with one another. It is still a good bet to monitor potential growth areas that will likely be within 60 miles of a coast or an airport. I have used this formula for years, only seeking properties that are convenient to a buyer getting a loaf of bread, a cup of coffee, and a gallon of gas and in close proximity to a school for their children. For now we all need to watch the market very closely. Unfortunately, there is no memo that goes out informing us all that the market has or will recover on a given date.

We will be keeping an eye on inventories and will provide additional insight in our winter newsletter.

**For more
Information
about the market
or any of my
specialty services
please contact me
at
(239) 261-2140
Or email
dave@keystonellc.net**

