

Newton building the first model at new community San Marino in Viera area

By Ken Datzman

With permit in hand, area builder John Newton is set to construct the first speculative custom home in a single-family development he spent years tediously planning and shaping only to see the housing market come to a screeching halt.

Now Newton is restarting sales at Mediterranean-themed San Marino Estates, a heavily wooded doglegged tract of land in the Suntree-Viera area that he left in its natural state, working around acres of wetlands and preserving trees as tall as 50 feet.

"The reality is, we've sat on the sideline like many builders have the last three years waiting for the market to bottom," said Newton, president and founder of Newton Commercial Group in Melbourne, a real-estate firm that provides services for both residential and commercial markets, including building, development, and brokerage.

"But now, we are starting to see people move forward and make home purchases. We waited to make sure this is a properly

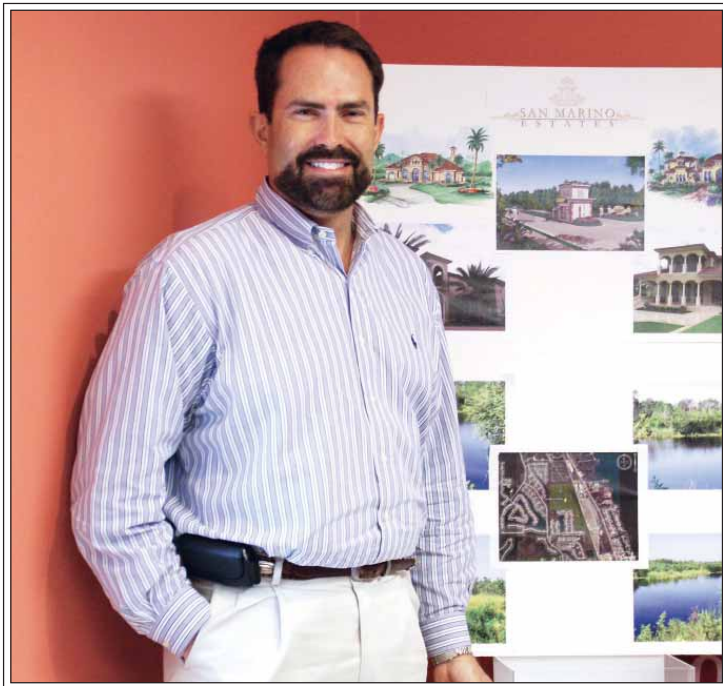
priced product at the right time. Our goal is to have two models initially at San Marino Estates," he added.

Newton is betting on a recovery and a long-awaited rally in the housing market. He's not alone in his thinking. Billionaire investor Warren Buffet said last week in his annual letter to Berkshire Hathaway shareholders that he believes a housing recovery will begin within the next year.

Economists are becoming more upbeat, too. The National Association of Business Economists, in its latest 2011 "Outlook" survey, revised its growth projections upward and sees "continued moderate economic growth" through 2012.

San Marino Estates is about 1.5 miles north of Wickham Road, on Pinehurst Avenue. The central location provides quick access to Viera Boulevard, Highway U.S. 1, and other main traffic arteries.

Newton's company is talking to a number of custom builders he hopes will embrace his development and follow his lead constructing attractively priced homes at San Marino Estates.



BBN photo — Adrienne B. Roth

John Newton, president of Newton Commercial Group in Melbourne, spent years planning and developing Mediterranean-themed San Marino Estates, a single-family community in the Viera-Suntree area. He hopes to kick-start sales by building the first model there in the 79-lot subdivision. He estimates the model will be priced around \$300,000.

Newton Commercial Group

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Experts expect consumer demand for housing to improve heading into the key spring-buying season. The already-thin inventory of new homes for sale in many communities around the nation continues to decline.

"We are seeing an increasing number of homes closing on a given month in this market," Newton said, "and that is encouraging."

A former bank executive in the area before getting into real-estate development a decade ago, Newton said his company has restructured its finances and reduced its debt to better position the firm to build models at San Marino Estates.

Because of the consistent unavailability of construction credit through typical financing channels for real-estate projects and raw-land purchases, many builders and developers are reaching out to private sources for funding.

"In today's market, you have to find alternative ways of financing. We're working with funds of family members and friends, and may talk to other investors," said Newton, whose company has developed and built office parks and facilities in Brevard County over the years.

The single-story, split-plan model home his company has broken ground on at San Marino Estates will contain 2,450 square feet of living space. All the homes in the 79-lot community will feature tile roofs, stone-paver driveways, granite countertops and tall cabinets in the kitchen, and a host of other amenities.

The concrete-block homes to be built in San Marino Estates will have six-inch stubs, two inches more than the standard code-required slabs, he said.

Newton estimates his first model home in the development will come in around \$300,000. It will be situated on a quarter-acre lot.

"The price will include all the 'bells and whistles,' and will feature a nice landscaping package. Phase one is going to be absolutely our best pricing and best opportunity for buyers. We are going to be very aggressive. We are going to offer buyer incentives and do what it takes to get this development off to a good start and be a success. I've spent eight years on this project. It's been an interesting time," he said.

His model home will not be completed in time for the Home Builders and Contractors Association of Brevard Spring Parade of Homes, scheduled April 2 through April 10 and sponsored by Seacoast National Bank.

"Still, we should have the home blocked, framed, and may have roof trusses in place by then. We're inviting people to visit the community. The model, though it will be

under construction, will give home-buying consumers a nice snapshot of San Marino Estates. I am hoping to have a second model under way around that time," he said. San Marino Estates will be a featured community in the HBCA Parade.

Newton said he is minimizing the profit margins on building the model homes in an effort to jump-start buying activity. "We are going to build custom homes very competitively in phase one. And we are talking to residential builders that we hope will embrace the same philosophy. We're adjusting to market conditions."

Nationwide housing affordability during the fourth quarter of 2010 rose to its highest level in the 20 years since it was first measured, according to the National Association of Home Builders' Housing Opportunity Index.

At San Marino Estates, Newton said he hopes to attract young, growing families looking to step up to a custom-home community, as well as retirees who desire to live in a deed-restricted gated subdivision. Homes will be available from 2,000 square feet, he said.

"We feel there are two types of customers we need to market this community to: downsizing retirees who do not want to pay taxes and insurance on a large home anymore, and move-up buyers who desire to have nicer amenities, such as tile roofs, crown molding in their living room, and granite countertops in their kitchen and bathrooms. On top of that, they will live in a new-home development where each lot has a unique shape, and the surroundings are in harmony with nature," Newton said.

The development has its own natural ecosystem, with otters, ducks, herons, Sandhill Cranes, osprey families, turtles, and fish. Newton spent two and half years coordinating the development of this project with the St. Johns River Water Management District to preserve the wetlands.

About one-third of the lots back up to a 15-acre lake. In general, most of the lots back up to a natural wetland preserve or a wooded area, providing backyard privacy. "You have to go through five acres of wetlands just to get into the neighborhood," he said.

What makes San Marino Estates interesting is its layout. The lots have unique shapes. Newton hired Rick Harrison, who is renowned for his site-design work around the nation. Harrison brings new looks to subdivisions, making them more functional and attractive.

Based in Minneapolis, Harrison specializes in what is known in residential-development circles as the "coving" concept, or the "curving" streetscape. "We shaped our

community around the existing lake and the existing wetlands," Newton said.

"The lots are not squares. They are not postage stamps. All of the lots at San Marino Estates are of various configurations of a pie shape. Rick (Harrison) traveled to Brevard, visited the property, and came up with the concept. We think the layout will make the development even more appealing to people once they visit it," he added.

Harrison's original planning concepts have been used in many communities across America. He's president of Rick Harrison Site Design Studio and has been in business for more than 30 years.

Newton said the homes at San Marino Estates will set back from the road a good distance, ranging from 30 to as much as 130 feet. "It will depend upon the shape of the lot."

Also in the Viera market, Newton's business is busy leasing shared medical offices, tapping a growing health-care sector there. "We are now leasing turnkey offices in half-day increments. With Health First's new Viera Hospital set to open (in April), we see opportunity to cater to doctors who are establishing satellite offices there to see patients once or twice a week," said Newton, whose company has expanded its commercial brokerage department.

The offices are fully equipped, from telephones to copy machines. The utilities are included in the price, too, he said.

Developing and leasing medical offices is one of Newton Commercial Group's specialties. In Melbourne, his firm developed the Nasa Palms Professional Center. "We picked that area about five years ago to start building office condominiums, where people can purchase the square footage or lease the space, from 1,500 up to 6,000 feet. The project has been very well received. We've built five of the planned seven buildings."

There are only a couple of openings in those buildings, he said. One is a 4,200-square-foot unit available for lease or purchase, "which could be subdivided." In another building, there is an 1,800-foot vacancy.

Nasa Palms is located near MIMA's new headquarters and close to both Wuesthoff Medical Center-Melbourne and Holmes Regional Medical Center.

He said he is looking to build two more 6,000-square-foot pads for customers at Nasa Palms, or "we could construct just one large building for a client. The site planning and permitting has been completed. The pads are ready for construction," Newton said.