

Terra Verde Group purchases Forest City asset in Prosper

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By Gail Bennison

Dallas has historically grown north along the Dallas Tollway, and if you can get in the position to be next in the growth, it's a pretty good place to be, says Craig Martin, founding partner of Southlake-based real estate investment firm, **Terra Verde Group**.

And that's just what he plans to do.

In early June, **Terra Verde** completed the purchase of Three Stones, a 2,030-acre master-planned community in the Town of Prosper, from a partnership that included national real estate owner, operator and developer Forest City Enterprises Inc. Three Stones is an approximate 2,030-acre tract of land – formerly the historic family-owned Mahard Egg Farm – located 2.5 miles west of U.S. Highway 380 and the Dallas North Tollway.



TVG paid \$30 million for the all-equity transaction and anticipate a total investment of \$250 million in development costs over the life of the project, Martin said. The company bought 100 percent of the existing partnership's interests. Forest City had been a 51 percent equity partner, with Mahard owning the balance of the interests. Mahard has been in business since 1930 and still is operating at a "winding-down" pace.

The property has existing zoning under a Planned Development Ordinance.

"We just showed up," Martin says. "The previous ownership processed the entitlements, and the legacy is a great relationship with the Town of Prosper. We've been very impressed with the professionalism and the response to the project by the major, town manager and the entire staff over there. They approach development in a responsible and well thought out manner," he said.

Three Stones is being positioned to be a first-class master-planned community. It will serve the \$225,000 to \$475,000 price range with a full range of community features.

At least four lot sizes are planned, with an additional product differentiation planned through the establishment of design and building criteria.

The PD provides for the following land uses (acreages are approximate):

Four single family lot sizes ranging from 8,000 to 12,500 square feet with a maximum of 3,500 total lots on 1,063 acres

Multi-family of 300 units and Townhome of 300 units on 35 acres

Mixed use (office, retail and other non-residential uses) totaling 120 acres

Three school sites, including two elementary and one middle school, totaling 45 acres

Four amenity centers to be built by the developer and HOA managed: 40 acres

Also planned are several small neighborhood "pocket" parks to be built by the developer, a 50-acre community park to be built and run by Town of Prosper, Town community facilities, including fire and police, 530 acres of open space/greenbelt, and 114 acres for rights-of-way/landscape buffers.

"Three Stones is a beautiful asset; we believe the best asset of Forest City's portfolio," Martin said. "We wanted our first project in the Dallas Fort Worth area to be a Tier One project, and I don't take that lightly. We look for quality assets in quality locations."

Martin has a track record of more than 30 years focusing on recapitalizing "distressed" real estate assets. He has significant experience as a purchaser, dealing with the Federal Bankruptcy Courts, the FDIC and various other lenders.

Martin currently serves as the managing general partner of Oak Valley Partners, LP. Oak Valley is a 6,741-acre master-planned community development in Calimesa/Beaumont, Ca, on the eastern end of the Los Angeles basin. Prior to forming TVG, Martin was a partner at Clearview Investments, Ltd., where for 15 years he was responsible for several highly successful large land development partnerships, as well as several golf and ski resort developments. He also spent seven years as a senior member of Robert M. Bass Realty of Fort Worth. At RMB Realty, Martin was active in the analysis, acquisition, and management of primarily large land development transactions valued in excess of a billion dollars. Additional professional accomplishments include serving as managing partner of the Landmark Golf Company of Indian Wells, Ca. and managing partner of the Angel Fire Ski and Golf Resort in New Mexico.

Martin began his career as a real estate investment broker for the Staubach Company of Dallas while studying real estate and finance at the Edwin L. Cox School of Business at Southern Methodist University.

The town of Prosper is a fast-growing suburb with small town charm, located 30 miles north of Dallas at the crossroads of U.S. 380, Preston Road and the Dallas North Tollway in Collin and Denton counties. Prosper sits on 27 square miles and is home to more than 12,000 people. A home-rule municipality, governed by a council-manager form of government, the town has full-time fire and police departments, including its own dispatch service. Prosper is projected at a build-out population of 90,000 residents.

Prosper's growth will be further enhanced as the state continues its reconstruction of Preston Road into a major thoroughfare north through town. The 24-month construction project will convert Preston from a two-lane blacktop to a concrete, divided six-lane highway.

Prosper's mayor, Ray Smith said they plan to have Preston completed by the end of next year.

"Three Stones is going to be another top quality development in Prosper," Smith says. "We're only 27 square miles so we don't want to make any mistakes. We are geared toward a quality family environment."

Of all the cities and towns of more than 10,000 in population in the vast 16-county North Central Texas Council of Governments (NCTCOG) region, none is growing at the same remarkable rate as Prosper. The town's 9.1 percent jump in 2011 is almost 300 percent the rate of the second fastest growing city in Collin County. Prosper's growth eclipsed Frisco's at 3.1 percent; McKinney's at 2.4 percent; Allen's at 2.1 percent; and Wylie's at 1.5 percent.

NCTCOG pegs Prosper's 2011 population as of Jan. 1, 2012 at 12,190.

NCTCOG issues annual population estimates on a number of reliable factors, says Prosper Town Manager, Mike Land. "To me {the population increase} says much about the attractiveness of Prosper. The residents are passionate about the community and their desire to make Prosper a great home for them and their children. It is a great place to call home," he said.

Families are flocking to Prosper because it's being developed with similar attributes of a master-planned community, excellent education system, beautiful parks and open space, and beautiful neighborhoods with room to grow.

In addition to **Terra Verde's** Three Stones, Landplan's Meadowbrook and Blue Star's residential development along the Tollway will be well underway over the next five years, offering future residents even more high quality choices to call home.

Land says that residents will be pleased that along with the new developments, the town's history will be retained. "Old Town Prosper is a fairly concentrated area so the new development occurring is not encroaching in this area," he said.

A strong rebound in the single-family construction market has become highly evident in Prosper, as the Town is on a pace to break its yearly single-family residential permit record, according to Chris Copple, Director of Planning. "Last year's watermark for single-family residential permits hit 373 which easily overtook the 2006 record of 322," Copple said. "That 2006 figure was the highest on record, and was the peak for the entire five-year period between 2006 and 2010 during which the national and local economies were stagnant," he said.

Copple adds that if the pace is maintained, they will be looking at well over 400 for the year. "That would be unheard of for us. Several developers are already planning additional phases for their subdivisions," he said.

Other reasons play into the elevated numbers, such as stronger economy, stabilized unemployment rates and a general recovery of the national economy, Land says.

"But when we look at the surrounding area the uptick is not as pronounced as it is here in Prosper. Should the upward trend continue, the Town will likely emerge as both a center for residential choice and a focus for commercial expansion. The major transformation of Preston Road, the Town's main north-south artery, promises to permanently alter the economic landscape of the Town," Land said.

Prosper is currently adding about two families a day or nearly 1,200 new residents annually. Over the next five years with the completion of Preston Road widening to six lanes, there will be more commercial development, expanding the town's tax base, giving more retail choices to residents in the northern Collin County area, making Prosper even more attractive to homebuyers and businesses.

The town of Prosper is well-located in the northern growth pattern of the Dallas single family market. The Prosper Independent School District is "Exemplary" recognized, and the continued expansion of the Dallas North Tollway provides access to other employment centers in the area.

Ted Wilson, principal of Texas housing analyst Residential Strategies, said the highly visible tract of land at FM 423 and Hwy. 380 is located right in the path of growth.