

BAY CREEK RESORT

RESORT RESIDENTIAL PARCEL | CAPE CHARLES, VIRGINIA

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PROPERTY OVERVIEW

LOCATION

Situated on the southern end of the Delmarva Peninsula, Bay Creek is located in the small town of Cape Charles, VA just north of Virginia Beach. The area is a popular destination getaway for second home residents of the surrounding MSA's including Richmond, VA, Washington, D.C., and Philadelphia, PA. The project is easily accessed by Highway 13 from Interstates 64 and 95 and the nearby Norfolk International Airport (1 hour). The airport is serviced by major airline carriers including Delta, and American Airlines, providing convenient travel for out of state and international visitors.

OPPORTUNITY

The current development opportunity is for the build out of 5 unimproved parcels (villages) on the southern portion of Bay Creek. The villages included in this offering are P, Q, S, R1, R2 (see attached land plan) and have entitlements in place under the projects PUD. Together the villages encompass a total of ± 142.9 acres that back to the Chesapeake Bay, existing Nicklaus Signature golf course, inland waterways, and the Old Plantation Creek that feeds to the Chesapeake Bay. Several land plans were created for the villages with layouts that include a mix of custom homes, condos, and a resort, and also plans that designated all villages with custom home lots. Villages R1 and R2 are those which have a designation under the PUD that allow for an overnight resort component. Future condo, production homes, and custom home lot development will count against the remaining available unit count the PUD allows, however hotel keys or overnight cottages will not.

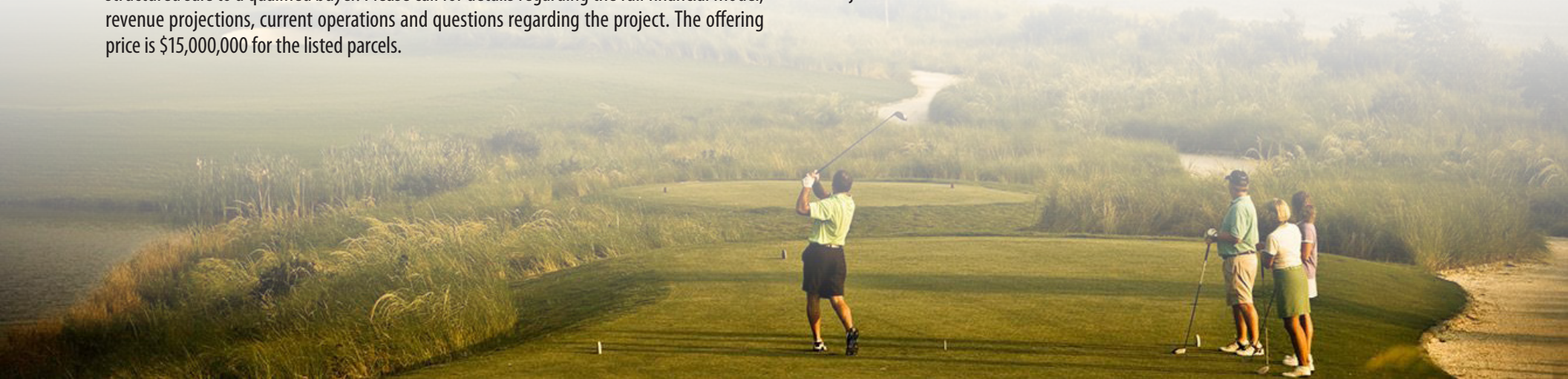
ASKING PRICE

The seller is actively pursuing a bulk purchaser for the Village P, Q, R1, R2, S parcels at Bay Creek. They are open to several sale scenarios including an outright cash purchase, and possibly a structured sale to a qualified buyer. Please call for details regarding the full financial model, revenue projections, current operations and questions regarding the project. The offering price is \$15,000,000 for the listed parcels.

DEVELOPMENT OVERVIEW

Bay Creek is a $\pm 1,725$ acre master plan community located on the Chesapeake Bay in the quaint town of Cape Charles, VA. After its inception in 1990, the project was annexed into the town and was given a PUD that allows for a maximum unit count of 3,000. The PUD also permitted the construction of two championship golf courses, multiple clubhouses, residential and commercial developments and a 224-slip marina. Bay Creek has been broken into 22 villages or neighborhoods with single family homes, condominiums, townhomes, and custom estates. Development has occurred in ten of the villages, leaving 12 undeveloped villages all of which are located in the Bay Creek South Tract of the project. Today both golf courses have been completed (1 Jack Nicklaus Signature, 1 Arnold Palmer), 124 of the allowable 224 slips have been developed, and $\pm 1,095$ units of the original 3,000 have been used. Of the total number of units developed only 121 remain under developer ownership.

While no official land plans have been designated to the available parcels, there have been several preliminary land plans created to demonstrate their development potential. Thus far the P, Q, S parcels have been envisioned as being custom home sites with preliminary land plans that total 272 lots. These lots would represent the only available developer golf frontage lots at Bay Creek. The remaining R1 & R2 parcels have been zoned and envisioned as resort and condominium sites. While there are no definitive unit counts assigned to these parcels preliminary plans have included a 50-room hotel on R1 and 80+ condo/townhome units on R2. To date there has been one previous condominium development, with all constructed units sold. The R1 parcel represents the only available resort site at Bay Creek and would also be the only new and sizable resort in the Cape Charles area. Development of the R2 parcel as new condos would present a developer with the opportunity to further increase the number of available rooms by incorporating a rental pool program for condo owners that is operated in conjunction with the resort.



PROPERTY OVERVIEW

PROPERTY CHARACTERISTICS

Size: ±142.9 Acres

Site Approvals:

Under the PUD Bay Creek has been allotted 3,000 units for total development. There has not been any set amount assigned to each of the remaining development sites so the only maximum unit count applies to the community as a whole. Approval for unit counts and land plans for the remaining development sites is granted by the Bay Creek POA, which is currently owned and operated by the current development group.

Utilities

- Water: provider is the Town of Cape Charles
- Sewer is Town of Cape Charles
- Electric is ANEC which is an electric cooperative that serves the Eastern Shore
- TV/Internet: Chesapeake Bay Communications or any other communications company that service the area including Direct TV and Eastern Shore Communications
- Phone: Chesapeake Bay Communications, or any other carrier that services the area including Verizon for landline
- Gas: Property owners may choose to have propane tanks on their properties. There are numerous providers in the area.

AMENITIES

Situated on ±1,725 acres of Chesapeake Bay frontage, Bay Creek offers residents and guests, several onsite activities from championship golf, biking, freshwater and offshore boating and kayaking. Whether it's family time or personal time there is an amenity to fill that time. Bay Creek features two 18-hole championship golf courses designed by two of the most renowned architects and celebrated champions in the industry, Jack Nicklaus and Arnold Palmer. Bay Creek is adjacent to two major marinas, Kings Creek Marina and the Cape Charles Yacht Center. Both marinas are amenitized with fueling stations, electrical hook ups, pump-out facilities, laundry facilities, available wireless high-speed internet and have the ability to accommodate 150+ foot boats. Additionally, Bay Creek features a 21,000 SF golf clubhouse with dining and award winning pro shop, and a newly constructed 10,000 SF swim and fitness facility located in the Bayside Village neighborhood.



REGIONAL OVERVIEW

AREA

Bay Creek and Cape Charles are centrally located between eight major metropolitan markets that have a combined population of over 30 million residents. The mix as a whole has a relatively even distribution of Millennials, Generation X, and Baby Boomers. Looking at each market individually, it becomes apparent that the majority of the more affluent markets have a higher percentage of Generation X and Baby Boomer individuals, with the exception of New York City and Washington, D.C. This fact supports the common ideology that people are better established in their careers at later stages in life and therefore have a higher earning capability than their younger counterparts. The Town of Cape Charles has primarily attracted secondary and retiree homebuyers simply because the economy is unable to sustain a large primary resident base. Instead the quiet community, un-crowded beaches and pristine golf attract individuals and families from the surrounding metro markets looking for a weekend getaway, to spend a summer or relaxing place to retire.

Bay Creek has proven to be an extremely successful second home and retiree community. The project’s most unique feature is its location on the Bay within driving distance from some of the Nation’s most densely populated metropolitan areas and a quick 40 minute drive from Virginia Beach/Norfolk, Virginia. The International Airport, via the Chesapeake Bay Bridge Tunnel is within one hour and it is in an ideal location for buyers looking for beach/golf community they can drive to. The Eastern Shore of Virginia has repeatedly seen exceptional growth rates, and is continuing to see growing tourism activity as visitors are traveling more and more frequently to escape the traffic and urban sprawl of Virginia. In 2014, official reports showed that more than \$250 million was spent on tourism in the two Virginia Shore counties. The rapid growth here is driving major development projects in the Virginia Beach area including hotel renovations and new construction on the waterfront. One of the major hindrances on the tourism within Cape Charles is the current lack of hotel and overnight space. The town is currently serviced by a single 24 room, under-amenitized inn, which is typically booked weeks in advance during the summer months and enjoys zero competition in the market. The area as a whole could greatly benefit from the addition of a luxury/boutique hotel site on the waterfront, allowing for more visitors during the peak tourism season as well as more potential homebuyers for Bay Creek.

COMPARABLE COMMUNITIES

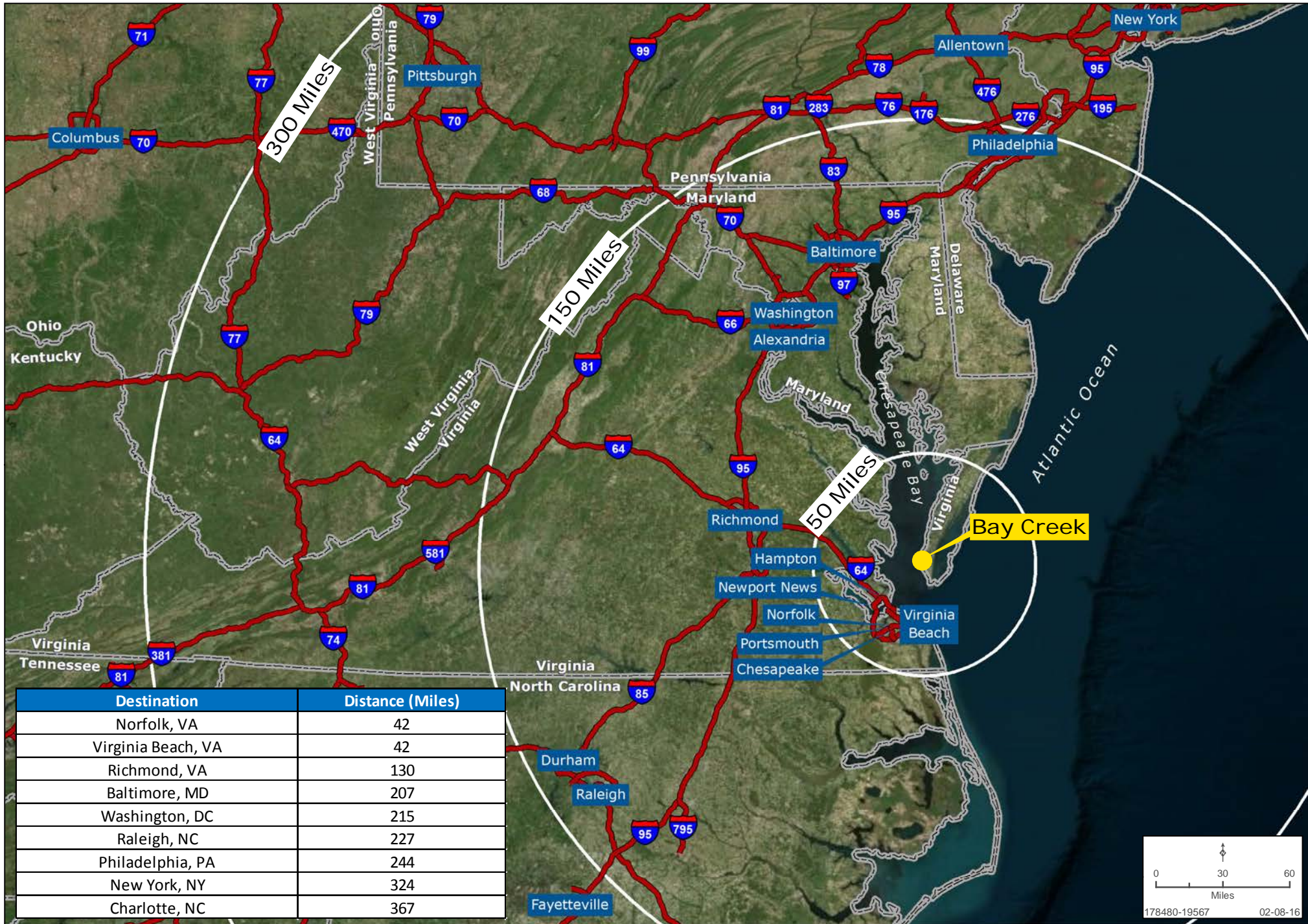
Due to the many unique aspects of Bay Creek comparable communities were examined from Bluffton, SC to Millsboro, DE. The communities were deemed comparable based on their geographical locations (on major waterways), amenities set (marina, golf, clubhouses, spa, resorts), and their proximity to a major MSA. The projects found include range from fully developed to new construction, and have moderate to ultra premium real estate. The common denominator in all of them however, is their appeal to second home and retiree buyers. Therefore, by examining the sales activity across such a broad spectrum of communities we are able to see not only the amount of activity occurring in this niche market but also where and how much these buyers are willing to spend.

| | Albemarle Plantation | Governor's Land at Two Rivers | Sea Island |
|-----------------------------|----------------------|-------------------------------|-----------------|
| 12 Month Homes Sales | 18 | 30 | 39 |
| Sales Volume | \$4,145,950.00 | \$21,161,010.00 | \$77,247,000.00 |
| Average Price | \$230,330.56 | \$705,367.00 | \$1,980,692.31 |
| Average Size (SF) | 2475 | 4201 | 3567 |
| Price/SF | \$93.06 | \$167.90 | \$555.28 |
| 12 Month Lot Sales | 6 | 3 | 5 |
| Sales Volume | \$111,001.00 | \$420,000.00 | \$9,645,000.00 |
| Average Price | \$18,500.17 | \$140,000.00 | \$1,929,000.00 |
| Average Size (ac) | 0.55 | 0.59 | 0.59 |
| Price/Acre | \$33,636.67 | \$237,685.78 | \$3,269,491.53 |



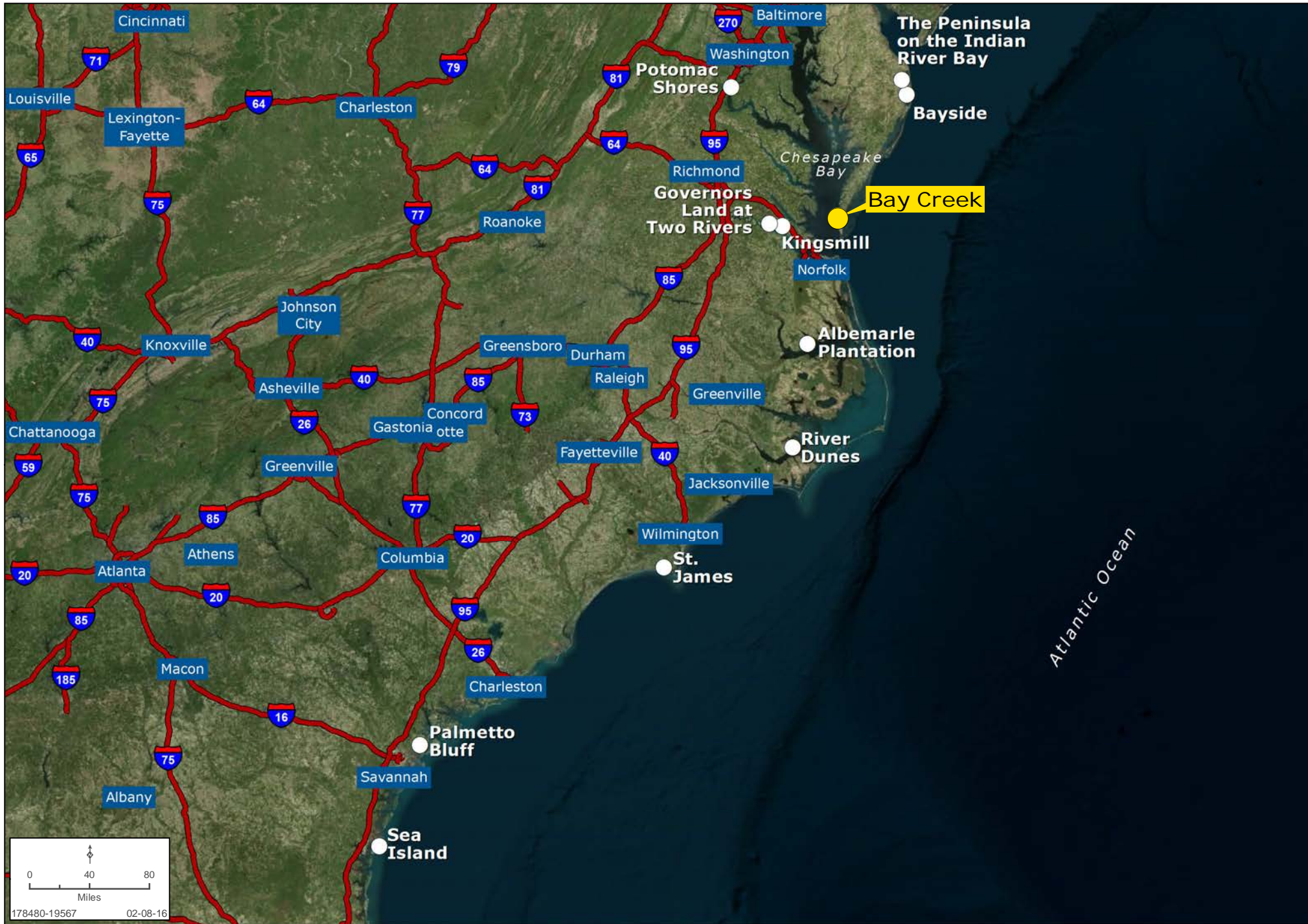
BAY CREEK, NORTHAMPTON, VA - DRIVETIME MAP

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BAY CREEK, NORTHAMPTON, VA - SURROUNDING COMMUNITIES MAP

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PROPERTY PHOTOS



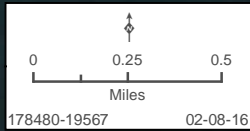
BAY CREEK, NORTHAMPTON, VA - REGIONAL MAP

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BAY CREEK, NORTHAMPTON, VA - SITE PLAN MAP

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BAY CREEK, NORTHAMPTON, VA - PARCEL MAP

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TRANSACTION GUIDELINES



Land Advisors Resort Solutions ("LARS") reserves the right to receive and consider proposals, to accept the same or reject the same with or without comment or notice, to make counter-offers or to engage in further private negotiations and, in all cases, to respond verbally or in writing.

The property described in this Executive Summary and in any evaluation material provided to prospective purchasers is subject to prior sale, refinance, change in pricing and terms, and withdrawal from the market, all without notice. No offer shall be deemed to have been accepted, no agreement shall be deemed to have been reached, and no binding arrangement shall be deemed to have been entered into unless and until a contract has been dully approved, signed, and delivered by both parties thereto, and unless and until the agreed upon capital investment has been made.

Until that time, LARS reserves the right to negotiate with any prospective purchasers. It is assumed that there are no hidden or apparent conditions of the property, its structural, or its subsoil qualities that would render the property more or less valuable. No responsibility is assumed by LARS for such conditions or for any engineering investigation which may be required to discover them. All material distributed to interested parties, including this Executive Summary, will be treated in a confidential manner.

Please direct all inquiries and offers to:



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