

URBAN LIVING

UPDATE



100 LAS OLAS
Artist's Rendering

INSIDE STORIES:

SMART BUYERS

Overcoming the Rising Costs of Construction

PRICING TRENDS

A Case Study from Preconstruction to Sellout

TYING HOSPITALITY
to Luxury Residential Lifestyle

On the Cutting Edge of Leading DESIGN **TRENDS**

Both the science and the art of urban residential construction are constantly evolving and improving. When comparing a tower built today to one constructed just ten years ago, the technological advancements and other innovations are impressive. That's why, when evaluating a potential real estate investment, it's important to understand exactly what the product is that you are purchasing. Of course, most buyers are attracted to beautiful decorating and elegant finishes, but it's important to look beyond the surface to ensure you are getting the most for your money.

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On the Cutting Edge of Leading DESIGN TRENDS

In real estate, a structure with “good bones” has always been the gold standard. So how is that concept defined in the urban environment? There are several industry trends that can be identified which can make a difference in how you live every day.

Every homeowner wants a floorplan that both maximizes interior space and purposefully extends the outdoor living space, all the while contemplating the lifestyle of the homeowner. However, many floorplans don't achieve these goals. They are more about dividing the space than envisioning real-life

functionality. But sophisticated developers like Kolter Urban are shaking up the planning process and have discovered innovative new ways to design and utilize space. “Kolter integrates the residential interior design into the building’s planning stages,” said Bob Martin of The Decorators Unlimited. “During pre-construction, we work directly with the architectural team to help design spaces that maximize views, natural light and flexibility in how our homeowners live within the residence. And at this early stage, it is still easy to make changes and adjust the plans.”

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100 LAS OLAS



100 LAS OLAS



WATER CLUB NORTH PALM BEACH



WATER CLUB NORTH PALM BEACH

Artist's Rendering

Most buyers appreciate features that make their residence feel bright, airy and connected to the outdoors. Just a few years ago, these features weren't as attainable as they are today. But in the wake of engineering breakthroughs and technological improvements, Kolter Urban is employing the latest design concepts to improve their buildings. In the past, floor-to-ceiling windows created too much heat, requiring a great deal of energy to cool down. Today's high-tech windows are impact, wind and heat resistant, therefore making them safer, environmentally sound and a perfect way to maximize the magnificent view. New construction methods and materials have also allowed for popular design enhancement features, such as expansive terraces that provide generous outdoor living space, and also higher ceilings which allow light to penetrate deeper into the rooms.

While Kolter's buildings feature timely designs and styling, they aren't built to be trendy. They are constructed with quality materials and sophisticated design to withstand the test of time. "The best new buildings aren't the ones that surprise you with their trendy features," said Stefano Falbo, Vice President of SB Architects. "They are the ones that while modern in their technology, embody timeless quality, evoking a design that allows them to become iconic architectural landmarks."

So how does Kolter stay on the cutting edge in this ever-evolving market? Along with their in-house expertise, they partner with top design professionals from renowned companies like SB Architects and design firms that include Chicago's Simeone Deary Design Group, Atlanta's Hirsch Bedner Associates and Palm Beach's The Decorators Unlimited. These design experts keep Kolter Urban ahead of the trends, so they are constantly leading the industry with their design concepts.



Artist's Rendering

Artist's Rendering

THE RITZ-CARLTON RESIDENCES, SARASOTA

SMART BUYERS

Overcoming the Rising Costs of Construction

When it comes to the urban residential real estate market, one of the most frequently asked questions is, “When is the best time to buy?” Though the only way to answer this with a degree of certainty is to analyze the numbers in retrospect, by measuring some key factors, it is possible to make an educated judgment. And when it comes to today’s real estate market, experts agree that the current market conditions make it a favorable time to buy. Evidence indicates they’ve come to these conclusions based on some fairly concrete indicators, focusing much of their attention on the resources used to construct these buildings, including steel, aluminum, gypsum, lumber — and of course the diesel fuel required to move it all. First and foremost, market analysts examine current and projected commodity costs. The forecasters are predicting a steep jump in costs next year. “The industry can expect higher steel prices in the near future as end users and suppliers negotiate new pricing agreements that include the tariff imposed by the Trump administration,” said Anirban Basu, Chief Economist for Associated Builders and Contractors. And, according to industry analysts at Fast Partitions, “Economists predict a steady rise in pricing through 2019 due to increased demand in emerging markets and a decrease in supply from Chinese mills.”

But economists aren’t the only ones recognizing the trend. The U.S. Bureau of Labor Statistics data shows the prices of most construction materials are headed up in 2019.

Add to the picture the cost of labor. Citylab.com reports that in 2019, there will be widespread industry labor shortages. “With labor making up such a substantial portion of the cost to build homes and apartments, these shortages will translate into higher rents and housing costs.”

Experts advise that now is the time to buy real estate before tariffs, higher-priced materials and labor shortages impact the prices. KAST Construction President Mike Neal advises, “Taking the experts’ predictions regarding the costs of labor and materials into consideration, waiting to enter the urban real estate market could be a costly decision.”



“The industry can expect higher steel prices in the near future as end users and suppliers negotiate new pricing agreements that include the newly imposed tariffs by the Government.”

— Anirban Basu, Chief Economist
Associated Builders and Contractors, Inc.

WHAT DO PALM TREES & TAX LAWS HAVE IN COMMON?

Both make Florida real estate an attractive option.

The Florida lifestyle has always been compelling. While northerners button up their winter coats and slip on their snow boots, residents of the Sunshine State are slipping on their bathing suits and heading off to the beach. But in today’s tax environment, swaying palms and icy umbrella drinks may not be the only compelling reasons to move here.

While the new tax law is widely credited with adding to our robust economy, there have been unintended consequences that have many high-tax states experiencing an outflow of permanent residents. Residents in states like New York and New Jersey who are no longer able to itemize deductions for state and local taxes are moving to areas with more favorable tax climates. Florida, which has no state income tax, has been a major beneficiary of the trend — attracting new residents who are drawn to lower taxes, as well as the warm weather lifestyle with lush golf courses and beautiful beaches to enjoy.

“The new tax laws certainly spurred interest. Buyers who were casually

looking suddenly had reason to act faster,” says Michael Saunders, Founder and CEO of Michael Saunders & Company. “Non-residents started to rethink how much time they would now spend in Florida and changed their residence status to benefit their personal situations.”

Personal income tax isn’t the only incentive to relocate to Florida. Another burdensome tax is the estate tax. Many states collect this tax, including Connecticut, New York, Maryland, New Jersey, California and Oregon. However, Florida, once again, provides a tax haven for homeowners, as it doesn’t apply a tax to estates, furthering the appeal to make the move to the Sunshine State.

And that’s not all. Establishing a Florida homestead residence brings even greater tax benefits. As long as you spend a minimum of six months in residence in Florida, you can qualify for the Homestead Exemption, which grants homeowners a break on their real estate taxes, foregoing tax on the first \$50,000 of value for their primary property. Even better, the

“Save Our Homes” cap limits annual increases to just 3% year over year.

With all of these tax benefits, it’s easy to see why Florida is such an attractive option for buyers. But those aren’t the state’s only selling points. The natural environment, the beaches and the sunny weather are the natural advantages of life here. Add to that the rich cultural life, sports, entertainment options and so much more, and you’ll understand why Florida real estate is a popular investment for smart buyers around the world.

— Andrew C. Sharpe, Associate



WATER CLUB NORTH PALM BEACH

WHO LIVES HERE?

Defining the Market for
Luxury Urban Developments



Artist's Rendering

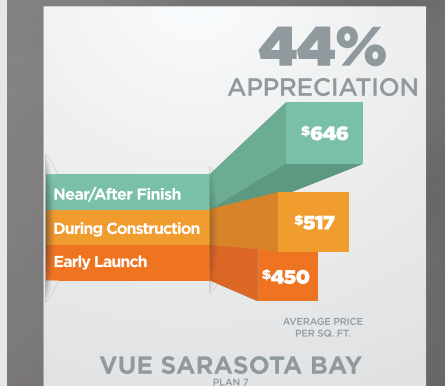
Kolter Urban continues to expand their portfolio of properties. And with impressive locations and diverse, high-end amenities, it's no wonder. But, who are their buyers and what is it they are looking for in these luxurious residences? The Kolter Urban team has studied the market carefully to determine the answers.

Though each property is unique, there is somewhat consistent data that reflects that these buyers range in age from 45 to 79, with the majority falling between 50 and 69 years of age. The majority of residents come from Florida, with northeasterners coming in second. However, buyers come from a variety of areas, including the West Coast, the Midwest and the South — and even Canada. In terms of how they use the property, for approximately half of them, it is a primary residence, while it is a seasonal home for most of the rest.

The draw to Kolter Urban projects comes down to several key factors. First, as in most real estate purchases, is location. In the current market, there are two location types that are in highest demand: 1. Direct water frontage where residents enjoy spectacular sunrises and sunsets and access to water/beachfront activities; 2. Downtown locations in the heart of the city that offer a walkable lifestyle and easy access to arts and entertainment districts. Buyers demand the luxury, convenience and social connections provided in these buildings.

Bob Vail, President of Kolter Urban, describes it this way: "The consensus among residents in their 50s and 60s is that lifestyle is their number one priority. They want to park their car and walk to restaurants, entertainment and shopping venues. They want to stay active and engaged, socialize and enjoy the urban amenities. Compared to what they had in suburban communities, cities — and all they have to offer — create a more fun, social and vibrant lifestyle for empty nesters."

PRICING TRENDS



The above graph illustrates the average price per square foot for Kolter Urban's most recent sellout — VUE Sarasota Bay. In the urban condominium market, historical data indicates a direct correlation between where in the construction timeline the buyer purchases and the price they pay. The average price differential between what early adopters and latecomers pay for the same location, square footage, features, finishes and amenities is approximately 30 percent. If this price differential is reflective of the market as a whole, then it would be prudent for buyers to enter the market in the early stages of a project.



DOWNTOWN SARASOTA



VUE SARASOTA BAY

Nearly everyone enjoys luxury resort living, coupled with a prime central location where you can walk to everything. From the finest restaurants to trendy shopping, the arts district to the waterfront, you enjoy being right in the heart of it all. Now, Kolter Urban is taking that concept one step further. Their thinking is that if you love to vacation in this type of property, why not live there, as well? That's why they have focused on developing luxury residential properties in prime locations, many of which offer a hotel property, restaurant and/or shopping destinations, top-of-the-line amenities and concierge services. And if their incredible results are any indication, this concept is working.



100 LAS OLAS

"We're in tune with market trends and actively listen to what our buyers are asking for," said Edwin Jahn, Senior Vice President of Kolter Urban. "We started to investigate the idea of combining luxury condominiums and high-end hotels because of all the advantages it could provide. From a conceptual standpoint, by affiliating with a known hotel brand, buyers immediately understand the quality of the property they are purchasing. And from a convenience perspective, nothing provides better service than a fine hotel. Our buyers appreciate that. And they also like to have the hotel within close proximity, providing a perfect place for guests to stay when visiting."

Kolter Urban has seen this concept play out with overwhelming success. Currently, they have four properties with hotel affiliations and shared amenities. VUE Sarasota Bay is located adjacent to the Westin Sarasota, which, among its many benefits, provides residents with access to a scenic rooftop sunset bar. A 238-room Hyatt Centric hotel will occupy floors 8-15 of the multi-story high-rise that is 100 Las Olas. ONE St. Petersburg is adjacent to the 174-room Hyatt Place and Two City Plaza is just across the street

from the Hyatt Place, which offers hotel-type amenities, including luxury meeting space and a lively bar/lounge.

These highly coveted, central locations provide residents with the best of both worlds. They have access to all the niceties that urban life affords. Whether that means food service delivery or a quick elevator ride down to a hotspot, where you can grab a quick coffee, sip a cocktail or linger over dinner. And, when you're finished, your home is just upstairs.

There's no doubt that the Kolter Urban team was right about this concept. With the sellout of VUE Sarasota Bay, Two City Plaza and ONE St. Petersburg, they have sold close to 1,000 residences in this popular development type. Their latest entries into this segment include The Ritz-Carlton Residences, Sarasota located directly on the Bay which is adjacent to the Ritz-Carlton hotel and Mark Sarasota downtown, which offers many conveniences in the building's ground-level promenade. A variety of hotels, dining and shopping in close proximity create an enviable walk-friendly lifestyle.

What Are the Common Denominators in These Markets?

With current projects in Sarasota, St. Petersburg, Palm Beach, Fort Lauderdale & Boca Raton, how does Kolter Urban choose where to develop these popular projects? It's no coincidence that each of these locations has the following close by:

1. Performing arts centers, museums, etc.
2. Beautiful beaches
3. Convenient airports
4. Variety of shopping and dining within walking distance
5. High-end recreation, such as boating and golf



ONE ST. PETERSBURG

KOLTERGROUP

A Leader in Residential Real Estate



Artist's Renderings Pictured Above

The **KOLTERGROUP** is composed of four separate divisions, **KOLTERURBAN**, **KOLTERHOMES**, **KOLTERHOSPITALITY**, and **KOLTERLAND**. Since 2010, Kolter Homes has completed and closed more than 4,500 homes across the Southeast United States, and is currently building and developing in 18 new home communities that include Florida, Georgia, North Carolina and South Carolina. The company's hotel affiliate, Kolter Hospitality, owns and operates eight hotels with over 1,343 rooms and four hotels in various stages of development with an additional 800+ hotel rooms. Kolter Urban, the company's urban infill and suburban high-density residential affiliate, has completed in excess of 1,000 projects. The company has an additional 1,000+ residences in various stages of construction.

for more information visit
KolterUrban.com



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