

Development Feasibility & Investment Assumptions

115 Inlet Way – Palm Beach Shores, Florida

Executive Summary

115 Inlet Way represents a rare opportunity to develop a boutique luxury coastal residential project in the highly desirable community of Palm Beach Shores.

Based on current zoning regulations and development parameters, the site allows for a maximum building footprint of approximately 9,642 square feet, allowing a total estimated buildable area of approximately 19,284 square feet across two stories.

Given the market conditions, zoning limitations, and demographic demand, the property is ideally suited for luxury townhome or villa development, a product type with very limited supply in Palm Beach Shores and strong demand from both primary and seasonal homeowners.

Project Positioning

The proposed development is positioned as a boutique luxury coastal residence offering the Palm Beach lifestyle while benefiting from a strategically protected inland location only minutes from the beach.

Unlike direct oceanfront properties, this location provides:

- reduced exposure to ocean winds and storm surge
- increased structural resilience during coastal weather events
- immediate access to beaches, marinas, and waterfront amenities

This positioning appeals strongly to experienced coastal homeowners and second-home buyers who prioritize both lifestyle and long-term security.

Product Concept

The development concept focuses on luxury townhome living, combining the privacy and space of a single-family residence with the convenience of a managed community.

Key features may include:

- private rooftop terraces with panoramic ocean and coastal views
- spacious floorplans with private residential entrances
- generous parking and storage
- boutique-scale community with low residential density

Townhomes provide a highly desirable alternative to large condominium buildings, offering greater privacy, lower density, and more efficient homeowners associations.

Resort Lifestyle Integration

Residents will have the opportunity to obtain membership access to nearby luxury resort amenities through the homeowners association.

This structure allows owners to enjoy:

- private beach access
- resort pools
- fitness and wellness facilities
- hospitality and concierge services

This model provides the advantages of resort-style living without the density and operational costs associated with large resort residential developments.

Target Buyer Profile (pre-construction)

Palm Beach Shores attracts a significant number of seasonal residents and second-home buyers, making townhomes particularly attractive for buyers who prefer a lock-and-leave coastal residence.

Typical buyers include:

- second-home owners from the Northeast and Midwest
- affluent seasonal residents ("snowbirds")
- experienced coastal homeowners seeking privacy and low maintenance living

Market Opportunity

Luxury townhomes of this caliber are extremely limited in supply within Palm Beach Shores.

Growing demand for boutique coastal residences—combined with strict zoning, limited land availability, and strong wealth migration to Palm Beach County—creates a compelling opportunity for a high-end residential development positioned for both lifestyle appeal and investment value.

Zoning and Development Capacity

Based on the zoning regulations governing the Property, the following development parameters apply:

Maximum building footprint: **9,642 square feet**

Maximum height: **Two stories**

Maximum total building area: **19,284 square feet**

All proposed development concepts evaluated in this report comply with municipal requirements related to:

- lot coverage • drainage • landscaping • building height limitations • setbacks and site planning considerations

Development Scenarios

The study evaluates multiple development configurations designed to optimize the value of the Property while aligning with current market demand in Palm Beach Shores.

Two primary development options are presented below.

Option 1. Six Exclusive Luxury Townhomes.

Approx. 3,200 square feet each

This configuration represents the highest-end residential concept for the Property and is considered the premier development scenario.

Each residence would be designed as a luxury single-family style townhome, offering features typically associated with high-end coastal living.

Potential design features may include:

- private entrance • inground private pool • expansive indoor-outdoor entertainment areas • private garages and storage • ocean and coastal landscape views from rooftop terraces with summer kitchen

This design concept would create a strong architectural presence and luxury “wow factor”, positioning the development as one of the most exclusive residential offerings in Palm Beach Shores.

Estimated Market Pricing

Based on comparable sales data and pricing trends within the Palm Beach Shores and surrounding coastal markets, the estimated price range for newly developed units is projected between:

\$1,000 – \$1,250 per square foot

Estimated unit pricing:

\$1,000 per square foot: ≈ \$3.2 million per unit

\$1,200 per square foot: ≈ \$3.84 million per unit

\$1,250 per square foot: ≈ \$4.0 million per unit

This option delivers a boutique luxury development with only six owners, maximizing exclusivity and product quality. From a development standpoint, this scenario represents the highest and best use of the Property, delivering a highly differentiated luxury product within a supply-constrained market.

Option 2. Eight Luxury Townhomes.

Approx. 2,400 square feet each

The second development scenario proposes eight luxury residences averaging approximately 2,400 square feet each.

While slightly smaller than the residences in Option 1, these homes would still represent high-quality luxury coastal residences well suited to the Palm Beach Shores market.

Estimated Market Pricing

\$1,000 per square foot: ≈ \$2.4 million per unit

\$1,250 per square foot: ≈ \$3.0 million per unit

Although this option introduces two additional units, the lower price point may increase the buyer pool and potentially support faster absorption during the sales process.

Lifestyle Amenities and Resort Membership

An important lifestyle advantage of the proposed development is the ability for future residents to enjoy access to nearby resort-level amenities.

Through a **membership structure incorporated into the homeowners association**, unit owners would have the opportunity to obtain membership access to a nearby luxury resort property.

This membership program would provide residents with access to a range of premium services and amenities including:

- private beach access
- resort swimming pools
- spa and wellness facilities
- fitness amenities
- hospitality and dining services

This approach allows the development to combine the privacy of boutique townhome living with the lifestyle benefits of a luxury resort environment.

For many buyers in Palm Beach Shores—particularly second-home owners and seasonal residents—this structure provides an ideal solution: owners can enjoy a lock-and-leave residence while still benefiting from high-end resort amenities nearby.

Market Positioning

Palm Beach Shores has historically demonstrated strong demand for luxury coastal residential properties, particularly those offering:

- privacy and low-density living
- proximity to beaches and marinas
- modern design and outdoor living features
- manageable homeowners association structures
- lock-and-leave ownership convenience

Luxury townhomes satisfy a unique segment of the market by combining the privacy of a single-family residence with the convenience of managed community living.

Supply of newly developed luxury townhomes in Palm Beach Shores remains extremely limited, making this development concept particularly attractive from both a lifestyle and investment perspective.

Conclusion and Highest & Best Use

Based on zoning analysis, site capacity, and market demand, the Property represents a strong candidate for boutique luxury residential development.

Both development scenarios analyzed in this report offer viable market opportunities.

However, **Option 1** — the development of six luxury 3,200 square foot townhomes — represents the highest and best use of the Property, brokers opinion.

This concept maximizes:

- architectural impact • lifestyle quality • exclusivity • pricing potential
- long-term market desirability

Given the limited supply of high-end residential product in Palm Beach Shores and the continued strength of the Palm Beach luxury real estate market, the proposed development is expected to generate significant buyer interest and strong sales performance.

- **Total buildable/sellable area:** 19,300 sq. ft.
- **Number of villas/townhomes:** 6
- **Average size per villa:** 3,216.67 sq. ft.
- **Pre-construction sale price:** \$1,200 per sq. ft.
- **Luxury construction cost:** \$450 per sq. ft.
- **Land acquisition cost:** \$4,800,000

- **Selling broker commission:** 4% of gross sales
- **Developer fee charged to buyers:** 1.9%
- **Construction + completion timeline:** 24 months to Certificate of Occupancy

There were not included financing interest, permit fees, impact fees, legal, insurance, taxes, marketing, staging, utility hook-ups, lender fees, contingency reserves, or closing costs. So this should be presented as a developer-level base case / preliminary feasibility model.

Option 1 – Six Luxury Villas / Townhomes

Based on the site yield study, the Property can accommodate approximately 19,300 square feet of total built area. Under the proposed concept of six luxury villas/townhomes, the average residence size would be approximately 3,216.67 square feet per unit.

These residences are envisioned as a boutique, high-end coastal product with premium design, rooftop living, luxury materials, and an architecturally elevated approach intended to maximize exclusivity, market desirability, and pre-construction pricing power.

For purposes of this feasibility model, the residences are assumed to be offered pre-construction at \$1,200 per square foot, resulting in total projected gross sale revenue of \$23,160,000.

At a projected luxury construction cost of \$450 per square foot, the total estimated hard construction cost is \$8,685,000.

In addition, if the developer charges buyers a 1.9% developer fee, the project would generate an additional \$440,040 in revenue.

Selling broker commissions calculated at 4% of gross sales equal to \$926,400.

Under these assumptions, and before inclusion of additional soft costs and financing expenses, the project produces an estimated net profit of \$9,188,640, or approximately \$1,531,440 profit per villa.

Calculation Breakdown

1. Gross Sellout Revenue

Total built/sellable area: 19,300 sq. ft.

Pre-construction pricing assumption: \$1,200 / sq. ft.

Gross sales revenue: $19,300 \times \$1,200 = \$23,160,000$

2. Developer Fee Revenue

Developer fee charged to buyers: 1.9%

Developer fee amount: $\$23,160,000 \times 1.9\% = \$440,040$

Total gross revenue including developer fee: $\$23,160,000 + \$440,040 = \$23,600,040$

3. Land Acquisition Cost Negotiated

Land purchase price:

\$4,800,000

Allocated per villa: $\$4,800,000 \div 6 = \$800,000$ per unit

4. Construction Cost

Construction cost assumption: \$450 / sq. ft.

Total construction cost: $19,300 \times \$450 = \$8,685,000$

Allocated per villa: $\$8,685,000 \div 6 = \$1,447,500$ per unit

5. Selling Broker Commissions

Commission assumption: 4% of gross sales revenue

Total commissions: $\$23,160,000 \times 4\% = \$926,400$

Allocated per villa: $\$926,400 \div 6 = \$154,400$ per unit

Revenue Per Villa

Average villa size:

$19,300 \div 6 = 3,216.67$ sq. ft.

Base sale price per villa: $\$23,160,000 \div 6 = \$3,860,000$

Developer fee per villa: $\$440,040 \div 6 = \$73,340$

Total buyer-paid amount per villa: $\$3,860,000 + \$73,340 = \$3,933,340$

Cost Per Villa

Land allocation per villa: \$800,000

Construction cost per villa: \$1,447,500

Commission cost per villa: \$154,400

Total direct cost per villa: $\$800,000 + \$1,447,500 + \$154,400 = \$2,401,900$

Estimated Profit Per Villa

Base sale per villa: \$3,860,000

Less direct cost per villa: \$2,401,900

Base profit per villa before developer fee: \$1,458,100

Add developer fee per villa: +\$73,340

Estimated profit per villa including developer fee: \$1,531,440

Two-Year Development Timeline Assumption

Assuming a 24-month development cycle from acquisition through construction and Certificate of Occupancy, the project can be framed as follows:

Year 1

- Acquisition closing
- Design development
- Entitlements / permitting
- Pre-construction marketing launch
- Initial site work and construction commencement

Year 2

- Vertical construction completion
- Interior finishes and rooftop/outdoor completion
- Final inspections
- Certificate of Occupancy issuance
- Closings and sellout completion

Using the estimated net profit of \$9,188,640 over a 24-month cycle, the project would average approximately:

- \$4,594,320 profit per year, on a simple straight-line basis
- \$765,720 profit per month, on a simple straight-line basis

These timeline averages are for presentation only and do not reflect actual cash flow sequencing, which in reality would depend on deposit structure, construction draws, financing costs, and closing schedule.

Important: Broker's opinion Disclosure: This analysis is preliminary and intended for feasibility purposes only. It excludes financing costs, carry costs, permitting fees, impact fees, legal/accounting, taxes, insurance, utility connection costs, contingency reserves,

and other soft costs, all of which would need to be incorporated into a final developer pro forma. All Calculations depend on the construction costs, material costs and Developers intentions.

Project Profit Summary Table

Item	Calculation	Amount
Gross sales revenue	19,300 sq. ft. × \$1,200	\$23,160,000
Developer fee revenue	1.9% of gross sales	\$440,040
Total gross revenue	Sales + developer fee	\$23,600,040
Land acquisition	Fixed	\$4,800,000
Construction cost	19,300 sq. ft. × \$450	\$8,685,000
Broker commissions	4% of gross sales	\$926,400
Total direct project cost	Land + construction + commissions	\$14,411,400
Estimated net profit	Total revenue – total direct cost	\$9,188,640

The estimated project return on direct cost is about **63.76%** when the 1.9% developer fee is included.

Without the developer fee, the return on direct cost is about **60.71%**.