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## Condo Restart

BY: JEAN GRUSS | EDITOR/LEE-COLLIER

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John Rymer, president of Aberdeen Realty, is charged with selling out condos that were part of the Gulf Coast's largest foreclosure. Photo by JimJett.com.

### REVIEW SUMMARY

*Company.* Aberdeen Realty

*Industry.* Real estate

*Key.* Local residents and Realtors are an effective sales force.

How do you sell condos in the region's biggest foreclosure?

Consider the challenge that faces John Rymer, the president of Tampa-based Aberdeen Realty. A Dutch lender tasked him with selling the remaining condos at Tarpon Point in Cape Coral, part of a monster \$340 million foreclosure case, the region's largest.

"You don't get a second chance to restart a community," says Rymer.

Perhaps more than any project in the region, Tarpon Point rode the boom most significantly and then crashed with the market. Developer Robert Hensley, through his company Grosse Pointe Development, developed the 150 acres of waterfront land into a luxury oasis on the south end of Cape Coral starting in 2001.

Success came quickly. People camped out for two days to get a chance to buy one of 120 coach homes there in February 2002, for example. But by 2007, buyers abandoned their deposits and filed the condo development and many others like it. Of the 210 condos at Tarpon Landing, a three-building complex there, 53 remain unsold since it was completed four years ago.

Rymer says his challenge is to price the condos correctly, sell them in an orderly fashion to individual buyers and spend as little money on marketing as possible. "I'm the real estate Mr. Fixit," Rymer says. So far this year, he's sold 39 condos and says the project could be sold out by 2013.

A resident of Harbor Island in downtown Tampa, Rymer formerly was vice president of sales and marketing for Morrison Homes. He formed Aberdeen Realty in 2009, specializing in re-launching sales programs for distressed residential developments. Altogether, Rymer says he's overseen \$5 billion in real estate sales during his career.

### Tarpon-sized success

Hensley, Grosse Pointe Development's CEO, had moved to Southwest Florida in the early 1980s from Michigan, developing smaller projects in the area.

Then, on the cusp of the real estate boom, Hensley and Dutch partners made a big bet when they bought Tarpon Point marina and the surrounding 150 acres at the mouth of the Caloosahatchee River in June 2001 for \$29 million in cash from Allete Properties.

While that was the highest price paid for land in Cape Coral at the time, Hensley's gamble paid off immediately. Three months after buying the land, he sold 44 waterfront lots for a total of \$23.4 million.

Buoyed by early success, Grosse Pointe started selling another project on the property called Tarpon Gardens in February 2002. Grosse Pointe sold 90% of the 120 coach homes in about five hours and notched \$48 million in sales.

Within six months of buying the Tarpon Point land, Grosse Pointe had sold property worth more than it had paid for the entire 150 acres.

Success didn't stop there. When Grosse Pointe offered pre-construction sales on the 210 condos at

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Tarpon Landing in January 2004, they all sold for an average price of \$1 million. One of the buildings sold out in just more than two hours, an amazing feat in moderately priced Cape Coral.

But by the time Tarpon Landing was completed in August 2007, more than 40% of the buyers walked away from their 20% deposits and refused to close. When the bank completed its foreclosure of the property earlier this year, 92 condos were still unsold.

#### Back to reality

When Rymer was appointed by Dutch lender SNSPF Interim Finance B.V. to sell the condos at Tarpon Point, he immediately evaluated the strengths and weaknesses of the project. He didn't discuss the project with Hensley. "You come in without blinders," Rymer says.

The most glaring weakness was that the condos were listed for sale at prices significantly above \$400,000, which in 2010 was a barrier in moderately priced Cape Coral community. In all of Lee County, fewer than 50 transactions had been recorded in 2010 for condos priced more than \$400,000. "Bonita Springs was where a lot of those transactions were occurring," says Rymer, referring to the more-upscale city in south Lee County. "There were not enough sales in Lee County at that level."

Compounding the challenge was that the condos were much larger than most buyers in Cape Coral could afford or were willing to pay on a per-square-foot basis. For example, the smallest condo is nearly 3,000 square feet and prior to Rymer's arrival, these units cost \$700,000 or more. So Rymer had to price these large condos at less than \$400,000.

The bank was agreeable to the price reduction. "They didn't want to hold onto this too long," Rymer says. (The bank has since sold the remaining units to Arkansas-based Freeman & Hasselwander for \$45 million; executives with that company couldn't be reached).

But one of the conditions for sales was that they not spend a lot on marketing. There would be no large sales staff (there are two salespeople and a manager) and no big media buys. "We haven't run a print ad yet," Rymer says.

Rymer enlisted the existing homeowners, hosting gatherings at which he explained that standards would be maintained. For example, residents were concerned that Aberdeen would allow weekly rentals of the condos; he assured them that would not happen. "We had to get them comfortable," Rymer says. "They had to believe."

It helps that one of the salespeople at Tarpon Landings, Leslie Koons, lives there too. "She's a 24/7 ambassador," Rymer says.

The result of that effort to communicate with existing homeowners paid off. About one-third of the 38 condo sales so far have been homeowner referrals. Residents' goodwill also went a long way to lifting the cloud of foreclosure that hovered over the development's reputation.

Then, Rymer hosted parties for local Realtors and pledged to pay them 3% commission. More important, Rymer pledged to make the closing process go smoothly. "They want an easy sale," he says. Now, more than 50% of the sales have been through Realtors.

Prior to Rymer's arrival, closing a transaction wasn't a sure thing. "There were false starts," Rymer says. Now, there's a professional staff that takes prospective residents on a tour of the property and offers "certainty of closing." Rymer's brokerage firm earns a commission for each sale.

Finally, Rymer adopted an electronic marketing plan to prospective customers. Fortunately, the development maintained a database of hundreds of names of people who had visited the sales center over the years.

Fewer than half of the 38 condo sales at Tarpon Landing so far have required financing and they've mostly been to second-home buyers and retirees who pay cash. None had to sell a home elsewhere to buy here, Rymer says. "There's money out there," he says.

More important, Rymer says the company has bumped up prices 20% since June and prices now range from \$408,000 to \$640,000. That's still considerably less than the peak average of \$1 million per condo, but it's an improvement. Sales so far have totaled \$20 million and Rymer says he expects another \$25 million in sales before Tarpon Landing sells out.

Rymer says his economic outlook is neutral and he's prepared to increase or lower prices as the market dictates. "Prices could go up or down; our approach is to come in as a partner," Rymer says.

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