

Developer Newton teams with Wuesthoff on project for its Melbourne campus

By Ken Datzman

Wuesthoff Health System has an expansion planned for its 44-acre medical-center campus on North Wickham Road in Melbourne. The project, when it gets under way, will help give the commercial-construction industry a lift at a time when building has slowed throughout the county.

The nonprofit hospital system has contracted local firm Newton Land Development Inc. to construct a three-story, 55,000-square-foot medical office building on land the hospital owns behind Wuesthoff Medical Center—Melbourne.

Rockledge-based Wuesthoff designed this expansion into its development plans years ago when it first purchased the acreage at 250 N. Wickham Road to build a medical center in the south part of the county.

Currently, the Melbourne campus has one large medical office building that houses a number of private practices and laboratories.

“We’re looking forward to this project and what it will mean to Wuesthoff Health System, our patients, and area physicians,” said Bill Hines, administrator of Wuesthoff Medical Center—Melbourne.

“By having additional medical office space adjacent to the hospital, we are enhancing our community’s access to care and providing added convenience for physicians. This effort is just one more way that Wuesthoff is meeting the medical needs of our community and fulfilling our mission of delivering quality, comprehensive, and accessible health-care services,” Hines said.

Newton Land Development has been hired by Wuesthoff to provide full project-management services, including leasing and construction management, for a Class “A” medical office building Newton will build on the vacant land.

“We’re thrilled to be working with Wuesthoff and its board of directors on this exciting project,” said businessman John Newton, president and founder of

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BBN photo — Adrienne B. Roth

Wuesthoff has hired Newton Land Development Inc. to construct a three-story medical office building on the Wuesthoff Medical Center—Melbourne campus. Tenants will have the opportunity to become owners of the building through a limited partnership. Brenda Boren is assistant developer with Newton Land Development Inc. John Newton is president and founder. They are at Wuesthoff Medical Center—Melbourne.

Home sellers sweeten deal by paying closing costs

By Marilyn Melia
Scripps Howard Service

So much for curb appeal. Sure, it takes a welcoming presence to lure homebuyers to your door. But in today’s market, it often takes a fistful of cash to get them to the table.

When they come to the closing table, sellers are increasingly picking up the tab for all the ancillary costs buyers incur when purchasing a home.

These “closing costs” can include a long list of charges, from relatively inexpensive document copying fees, to more hefty tabs for reserves for property taxes and homeowner insurance.

Closing costs for the buyer might run several thousand dollars or more.

“This is definitely the age of seller concessions,” says home appraiser T.J. McCarthy, an instructor at the Appraisal Institute, in Chicago.

In any “buyer’s” market, sellers yield to price cuts and other demands, like leaving behind the hall chandelier.

But writing a four- or five-figure check to cover buyer’s closing costs is a concession that’s particularly needed to cinch a sale in today’s tight credit environment.

Lenders have gone back to insisting on an old principle: Every homebuyer needs a down payment.

Coming up with down payment cash is enough of a problem, especially for first-time buyers, without having to dig further for closing cost cash.

Federally insured FHA mortgages

allow the lowest down payment — 3 percent — of the purchase price. That will increase to 3.5 percent at the beginning of 2009, but FHA mortgages still offer the lowest down payment, with other loans requiring at least 5 percent. That’s a key reason why FHA mortgages are quickly gaining popularity.

Until Oct. 1, 2008, home sellers could essentially contribute an FHA buyer’s down payment by making a contribution to a nonprofit, which in turn would provide a down payment grant to the buyer.

While that practice is now prohibited, FHA rules do allow sellers to give up to 6 percent of the home’s purchase price for closing costs. “The thing to remember is

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Newton Land Development in Melbourne.

“Wuesthoff had a grand RFP process (request for proposal) for this project. We like to think that our company brings a lot of expertise to the table. For example, we have designed a partnership venture for this project that will allow the flexibility of ownership among different types of investors. This is one of our strengths, putting these partnerships together. And it will be a Class ‘A’ medical office building. There aren’t many opportunities to do these types of projects with hospitals.”

Office buildings are classified according to a combination of location and physical characteristics. Class “A” space can be characterized as buildings that have excellent location and access, cater to high-quality tenants, and are managed professionally.

“The medical office building will be an attractive addition to the South Brevard market,” said Newton. The Newton Land Development team includes Floyd White, vice president and senior project manager; Brenda Boren, assistant developer; Rich Mehalick, sales manager; David Newton, project manager; and Veronica Newton Kemeny, business-development consultant.

Wuesthoff will provide physicians and other tenants in the building the opportunity to become owners of the facility through a limited-partnership structure, said Newton, a former local banker whose expertise over the past 15 years includes putting together these kinds of investment arrangements.

“Over the years, we have found ways to make commercial real-estate investments in partnership units qualified investments for people’s retirement accounts, for their 401(k)s, for their self-directed IRAs, and for their trusts and pensions plans,” he said. “It’s a great way to make an asset grow and your building rent is paying for it.”

Most banks and brokerage companies limit investors’ choices for retirement accounts to certificates of depos-

its, stocks, mutual funds, annuities, and similar financial instruments.

But Section 408 of the Internal Revenue Service Code permits individuals to purchase land and other real estate with funds held in many common forms of Individuals Retirement Accounts, including a traditional IRA, a Roth IRA, and a Simplified Employee Pension Plan, or SEP-IRA.

While some restrictions apply to properties and their uses, a person who intends to utilize the property primarily as an investment tool for retirement can derive the benefits of appreciative land values to enhance their nest egg.

“The investment is going to grow tax-deferred in a retirement account. We think this type of arrangement offers wide appeal because the investor is going to have ownership in the building and will collect annual dividends and profits on his or her investment,” said Newton, who has an M.B.A. degree and holds the Certified Financial Planner designation.

Newton said planning for the new medical-office building is under way. “We are currently doing the site engineering. And the project will be going through the permitting process soon.”

He adds, “Our objective is to have half of the building preleased before breaking ground. That was the agreement we made with Wuesthoff. The rental rates will be competitive. We are trying to get the word out in the community to physicians and other medical-service providers that this is an investment opportunity that sets itself off in the local market.”

Since its founding five years ago, Newton Land Development has clearly sliced a niche in the medical office building market in Brevard County. The company has a growing presence in the area of Wuesthoff Medical Center-Melbourne. Nearby, on Nasa Boulevard, Newton has developed the Nasa Palms Professional Center.

The office-condominium park, situated on a five-acre campus, is home to a number of individual physician practices. They include neurologist Dr. Scott Gold, obstetrician and gynecologist Dr. Edwin Hayes, surgeons Dr. Emran Imami and Dr. Irfan Imani, and Dr. Rachel Lefebvre, a psychologist.

“Currently, we have five buildings at Nasa Palms. When the project is completed the park will feature seven buildings each with 6,000 square feet. People love our office-condominium projects for the flexibility. They can purchase the square footage that fits their office needs,” Newton said.

He said space is available, up to 6,000 square feet, at Nasa Palms. “Clients can customize their units. We’ve had a lot of success attracting medical practices to Nasa Palms. However, the park is suited for other professionals as well, including accounting firms, law firms, and engineering businesses.”

The Nasa Boulevard corridor is becoming a medical hub. MIMA has under construction on the corner of Gateway Drive and Nasa Boulevard a 100,000-square-foot office-building project that is being developed in phases. MIMA purchased 41 acres at the site, positioning itself for future growth at that location. “MIMA’s project is going to be a big plus as the overall development continues in the Nasa Palms area,” John Newton said. “We think the Nasa Palms Professional Center provides great value to individual investors who want to own their own office space. Our pricing at Nasa Palms starts at about \$150 per square foot for the shell. We have kept our pricing close to what it was three years ago because it works for our investors.”

In Viera, on Spyglass Hill Road, Newton’s company also developed an office-condominium project featuring a Mediterranean-design theme. The final building, a 10,000-square-foot office condo, is available at Spyglass Plaza for purchase. The building can be divided into individual units, he said.



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