The St. Joe Co (2023 AGM)

May 16, 2023

Corporate Speakers:

- Bruce Berkowitz; The St. Joe Company; Independent Chairman of the Board
- Jorge Gonzalez; The St. Joe Company; President, Chief Executive Officer, Chief Operating Officer & Director

Participants:

- David Dixon; Broadridge Financial Solutions; Inspector of Elections
- Unidentified Participant; Unknown; Shareholder
- Mayur Kenia; IWD Capital Management; Founder & Portfolio Manager
- Unidentified Participant; Unknown; Shareholder
- Unidentified Participant; Unknown; Shareholder
- Unidentified Participant; Unknown; Shareholder
- David Spier; Nitor Capital Management; Portfolio Manager

PRESENTATION

Bruce Berkowitz^ Good morning, everyone. Before I begin, can you please put your phones on mute so that we don't get any feedback from the broadcast. All right. Well, I'm Bruce Berkowitz, Chairman of the Board of The St. Joe Company. It's my pleasure to welcome you all to our 2023 Annual Shareholders Meeting.

In accordance with the Notice of Meeting, I officially call the meeting to order at shortly after 9:00 a.m. Central Time, 10 a.m. Eastern Time. Each of you have registered as you've entered the meeting. If anyone has not registered, please do so at this time. We will conduct this meeting in accordance with the agenda you were given when you registered this morning. On the reverse side of the agenda is a list of the rules of conduct for this meeting. To ensure an orderly meeting, we require that all participants abide by these rules.

As is our custom, we will conduct the business portion of our meeting first. After the formal business portion of the meeting has been adjourned, we will provide an opportunity for questions and answers. Only validated shareholders may ask questions in the Q&A session. Out of consideration for others, please limit yourself to no more than 2 questions. We will answer as many questions this morning as time allows.

Now I would like to introduce the other members of the Board in attendance: Cesar Alvarez; Howard Frank; of course, Jorge Gonzalez; and Tom Murphy. Also with us today are representatives of Grant Thornton, the company's independent registered public accounting firm, who will be available to answer any appropriate questions during the Q&A portion of the meeting.

The company's Chief Legal Officer, Lisa Walters, will act as the Secretary of the meeting. And we are being assisted today in the tabulation of proxies by David Dixon, agent for Broadridge Financial Solutions. At this time, I appoint David Dixon as Inspector of Elections.

The Notice of the Meeting has been mailed to each shareholder of record as of March 22, 2023. The Inspector of Elections has informed me that 53,447,375 shares of the company's voting stock are present in person or by proxy, constituting a quorum for today's meeting. A list of shareholders on March 22, 2023, the record date, is available and may be inspected during the meeting by any shareholder who is signed in.

The final report of the Inspector of Election will include the votes, if any, of shareholders present and voting during the meeting. The company's mailing agent, Broadridge Financial Solutions, has provided an affidavit of mailing to show that Notice of the Meeting was given on or about April 6, 2023. A copy of both the notice and the affidavit will be incorporated into the minutes of this meeting.

Next, I will describe each proposal to be acted upon today, and then we'll take the vote. Since no director nominations or proposals for business were properly filed by a shareholder in advance of this meeting, the business of this meeting is limited to the following 4 proposals.

The first proposal before the shareholders is the election of 5 directors to serve for a 1-year term until the next annual meeting. I am standing for re-election as a director today, along with the following nominees: Cesar Alvarez; Howard Frank; Jorge Gonzalez; Thomas Murphy. All of these nominees are present today, and we recommend the election of these nominees.

The second proposal is the ratification of the appointment of Grant Thornton as our independent registered public accounting firm for the 2023 fiscal year. The Audit Committee retained the services of Grant Thornton to audit the company's financial statements for 2023. And the Board recommends that the shareholders ratify the appointment of Grant Thornton.

The third proposal is a proposal to approve, on a nonbinding advisory basis, the compensation paid to our named executive officers as described in the compensation discussion and analysis section, the compensation tables and the related narrative disclosures set forth in the company's 2023 annual meeting proxy statement. We recommend the approval of the compensation of our named executives.

And the fourth proposal is a proposal for you to approve, on a nonbinding advisory basis, the frequency of future votes on the compensation of our named executive offices. We recommend a 1-year frequency for future shareholder votes on the compensation of our named executive officers.

We will now vote on the proposals. Those shareholders voting in person should now mark their ballots. If you have previously voted by proxy, you do not need to vote again today, unless you want to change your vote. If you would like a ballot, please raise your hand and one will be provided to you.

At least one person? Anyone else? Okay. The Inspector of Elections will collect -- any outstanding ballots? If you brought your proxy or you wish to vote by ballot, please provide your ballot or proxy to the Inspector of Elections at this time.

(Voting)

Bruce Berkowitz^ Excellent. Since everyone wanting to vote by ballot has done so, the polls are now closed. Will the Inspector of Elections, please report the results of the balloting when you are ready?

David Dixon^ Mr. Chairman, the initial tally is subject to verification and the final tabulation may reflect small changes in the vote I have announced. The final tabulation will be set forth in the formal report of the Inspector of Elections to the secretary of the company, which will be made after the count has been verified.

I certify that a majority of votes cast has voted for the election of the nominees as directors of the company. In addition, the votes cast favoring the ratification of the appointment of Grant Thornton has exceeded the votes cast opposing the action. The proposal to approve the compensation of the main executive officers has received more votes than those against. Finally, a majority of those selected 1-year frequency of future votes on compensation of the main executive officers, Mr. Chairman.

Bruce Berkowitz^ Thank you. I hereby declare that the director nominees have been duly elected, that the appointment of Grant Thornton as the company's independent registered public accounting firm has been ratified, that shareholders approved the compensation of named executive officers and shareholders selected 1-year frequency of future votes on the compensation of our named executive officers.

Well, this concludes the official business of the 2023 Annual Meeting. The annual meeting is adjourned, and we'll now continue to the informal portion of our annual meeting today. Prior to opening up for questions, I will ask Jorge Gonzalez, the company's President and Chief Executive Officer, to provide a brief overview of the company's operations.

Jorge Gonzalez^ Thank you, Bruce. Good morning, everybody. Welcome to Panama City Beach. Welcome to our newest hotel, the Embassy Suites. We had a grand opening for the Embassy Suites a week ago. So this is a brand new hotel. We're still working out some of the kinks, but we're very proud of this property and this asset. Particularly, I want to welcome the folks who are joining us online, they're listening in to the meeting. We'll try to go through the presentation in a way where everybody can hear everything very thoroughly.

We're particularly excited that we're having the meeting in person again. The last couple of years, we've had the meeting virtually. And Bruce and I like each other well enough that being locked in a room staring at a computer screen is not as much fun as this, particularly the driving tour. We're particularly excited about the driving tour that we're going to do this afternoon and then tomorrow morning. I think there'll be a good way for shareholders to kind of get a better sense of the growth that we've been executing over the last couple of years.

So let me go through a couple of the logistics, everybody is on the same page. So what I'm going to do here first, I'm going to show you a very brief 2-minute video, which is going to be a little bit of a teaser about some of the things that you're going to be seeing in the driving tour this afternoon and this morning. Then I'll go through a presentation just to give you a snapshot of where we are as a company and where we're planning on being. Then we're going to break around 10:00, the meeting. We're going to reconvene at 1:00. The bus will be here at 1:00, right in front of the hotel, and then we'll load the bus and start the driving tour.

So with that, let's go ahead and show the 2-minute video. Again, this is a little bit of a teaser video for what you're going to be seeing this afternoon.

(presentation)

Jorge Gonzalez^ Thank you, [Rich]. Believe it or not, my favorite part of that video is the end because I do believe that we're just getting started with -- on our journey. So now we're going to go through a presentation. And then after the presentation, we'll open it up for questions.

So for us, it's always important to remember that we are in Florida. So everybody understands and knows the growth that Florida has experienced over the last number of years. I do want to mention a couple of data points that you may not know. So for the first time since 1957, Florida is the fastest-growing state in the country, first time since 1957. And that's quite notable because Florida is also the third most popular state in the country. So for a state to be the third most popular state in the country and also be the fastest growing is quite an accomplishment because you have to have a lot of people moving into the state to get those percentages up.

Florida has also had more people move to the state since the pandemic than any other state. The migration that Florida has experienced is not just what historically you may think of. It's not just retirees. The migration has involved a much broader demographic spectrum. And Florida is also near the top in job creation. So the growth that Florida has been experiencing over the last few years, yes, we still get retirees, we still get folks that move here to retire, but it's been much broader growth than historically has occurred in Florida.

So historically, Northwest Florida has lagged behind the rest of the state in growth. That's beginning to change. So this slide up here, which is Slide #2, shows you that in Walton County, and we'll talk about Walton County in a little bit later in the presentation, has experienced a rate of growth of 10.6%, ranked #3 out of 67 counties in Florida. So Florida has 67 counties, Walton County is #3 in rate of growth.

Gulf County has a rate of growth of 7.8%, which ranks 12 out of 67 counties. And then Bay County, 5.7%, ranking 19th out of 67 counties. Note, all those three counties have a rate of growth that's higher than the average in Florida. And again, keep in mind, Florida is the fastest-growing state. So these three counties are growing faster than Florida. What's also interesting to understand, the top three counties in growth in Florida. So #1 is St. Johns County, which is a bedroom community to Jacksonville; #2 is Sumter County, which is one of the counties that comprises the villages; and then Walton County is #3. So the top three counties in growth in Florida are all north of Orlando, which is not something a lot of people would expect.

So how is the company positioned in the context of the growth in Florida and the growth in Northwest Florida? Well, 86% of our land holdings are -- which is 169,000 acres, 86% of the 169,000 acres are located in those three counties that I just mentioned: Walton, Gulf and Bay. We have, in those three counties, entitlements or as-of-right approvals to develop 170,000 residential units and over 20 million square feet of nonresidential. The majority of our revenue currently is derived from less than 2% of our landholdings.

Now the reason why we say majority, because that's a modifier, we do have timber revenue across all of our landholdings. If we were to move the timber revenue from that equation, we would remove that majority modifier, but essentially even with the timber revenue, the majority of our revenue is on 2% of our landholdings. So the end of that video is true, we have just begun our journey.

So our business strategy. The company changed its business strategy when the new management team came on board in 2016. This is actually a slide from the 2018 annual presentation. And if you go back to the annual reports even back to 2016, you'll see the same exact business strategy. We've been very transparent and very consistent in executing the business strategy. So how have we done so far? Let me go through a couple of the data points.

The first component of the business strategy is expanding portfolio of income-producing commercial properties. So from that time frame of 2016 to 2022, as of the end of last year, we've grown our commercial leasing portfolio from 600,000 square feet to a little bit over 1 million. We've grown our multifamily portfolio from 0, we had none, to 864 existing as of the end of last year and 519 under construction. We've grown revenue in the Commercial segment from $9.8 million to $39.2 million.

The second part of the business strategy is developing residential communities with long term, scalable, repeatable revenue. In 2016, we sold a total of 106 homesites, 106. Last year, we sold a total of 752 homesites. That's not including Latitude, those are just St. Joe community homesites, not part of the Latitude joint venture. And we've grown revenue from $14.1 million to $92.8 million in that time frame.

The next one is grow resorts and leisure segment. We refer to that segment now as hospitality. We went, in 2016, from a portfolio of 71 hotel rooms, 71, to, as of the end of last year, 767 hotel rooms. And then we've got 646 hotel rooms that we're going to be opening up this year. So by the end of this year, for sure, if not by the middle part of this year, we'll have a portfolio of over 1,000 hotel rooms. We started with 71 rooms when we started executing the business strategy.

The next one is something that doesn't get a lot of headlines, but it's necessary for the type of business we're in. We work collaboratively with public, private partners every day on infrastructure: roads, utilities, schools, parks. That's something that we work on every day. Joint venture with the best-in-class operators. So since we started this business strategy, we have executed 16 joint venture partnerships. We had 1 before we started the business strategy, so we have a total of 17.

This next one is one that we're pretty proud of as a management team. Maintain low fixed expenses and focus on profitability. So our corporate overhead, SG&A has remained flat over that time frame from 2016 to 2022, even though we've had a pretty significant growth in our projects. In fact, it went down a little bit. In 2016, it was $23.1 million. Last year, it was $22.1 million.

Build liquidity and balance sheet strength. Our balance sheet, as I'll show you in the next slide, has grown significantly since we've been executing the business strategy and increase long-term shareholder value. Our earnings per share has increased, and we'll go through that in upcoming slides. So the point of this slide is that we've been transparent on how we're going to grow the company. We've been very consistent in executing that strategy.

This is another slide from the 2018 presentation. This is a little bit more specific in terms of the mechanics and the actions that we were intending and have been executing to implement that business strategy: develop assets, seed growth, bolt-on acquisitions and act like owners.

So this next slide, investment in real estate and unconsolidated joint ventures. This is a balance sheet slide. From 2016, the balance sheet, the component that's investments in real estate and unconsolidated joint ventures has grown from 300 -- a little bit over $300 million to over $1 billion at the end of '22.

On an average annual growth rate basis, that's a 22% increase. One of the things that is important to point out, and I've mentioned this in my shareholder letters and in many of the earnings releases, investments in real estate that we make and even in unconsolidated joint ventures, revenues and profits are lagging indicators. It's what I call the seeding and harvesting cycle. You've seen that in previous shareholder letters. We're growing the company organically. We're developing raw timberlands into operating assets in residential communities. So there's a cycle to that.

We seed. And what that means to us, we design, we permit and we develop, then we harvest. Harvesting to us is we open operating properties for reoccurring revenue or we sell homesites. That seeding and harvesting cycle takes approximately 2-plus years. To develop an operating property like this one or to develop a phase in a residential subdivision where we sell homesites, it's 2 years. So when you see the investments, your -- or the seeding, the harvesting is going to occur no sooner than 2 years after that.

So that's a cycle that we talked a lot about. And it's a cycle that doesn't quite fit in quarters very nicely. It doesn't fit even in a calendar year. It's something that you have to keep some perspective and focus on the trajectory of the seeding and harvesting cycle.

So the next couple of slides, what I'm going to do is take you through some of these financial measures to give you some sense of where we've been, where we are and what we anticipate the trajectory to be in the next few years.

So I want to spend a little bit of time on this one. This is consolidated, unconsolidated revenue. I know many of you know this, but not everybody may understand this. As you saw in our business strategy, joint ventures are core, core part of our business strategy on how we intended to grow the company back in 2016. So one of the nuances about joint ventures is if the joint venture is unconsolidated, the revenues from those joint ventures don't show up in our topline revenue.

So when you look at our financials, and you look at our revenue by segment, hospitality, residential and commercial, you won't see the revenue that's generated by the unconsolidated joint ventures. The only place you'll see it in our income statement is way at the bottom, as I call it, below the line and other. And all the income from the unconsolidated joint ventures are aggregated into that one line item.

Even though it's not part of the revenue of St. Joe, and I want to be clear about that, it's not part of the St. Joe revenue, it's a pretty important part of our strategy and how we're growing the company. As I mentioned before, we have 17 joint ventures now. So we wanted to show you in this slide what that looks like. We separated the consolidated revenue, which is in the blue color, from the unconsolidated, which is in the orange. So from 2016, our revenue was $96 million, and including the unconsolidated joint venture as of the end of last year, it was $421 million, for an average annual growth rate of 28%.

The other thing that's important, I think, to keep in mind and keep in context, for a number of years before 2016, the company had underinvested in its projects and assets. Nothing wrong with that. It was just part of the business strategy at that time. An example of that is we started with 71 hotel rooms. We had a very, almost nonexistent home site inventory. We had no apartments in our portfolio. So the investments we've been making

-- and we started making in '16, again, understanding the seeding and harvesting cycle, we're just realizing the benefit of those investments in operating properties just starting last year and this year.

So all these graphs and charts, you want them to be upward. There's only a couple of graphs that we wanted to be downward. This is one of them. This is what I mentioned earlier about our SG&A, our corporate overhead. So from 2016 to 2022, in actual dollars, they're not inflation adjusted, these are straight up dollars. Our SG&A in 2016 was $23.1 million. Last year, for the full year, it was $22.1 million. So that's a $1 million decrease over this period of time, even though we've been growing the company significantly. As a percentage of revenue, we went from 24%, our SG&A was 24% of our revenue, to 9%.

The other thing that's important to remember, our SG&A is not just employee cost, that also includes property taxes. So for a company like ours, property taxes are a pretty significant part of our financials. If we just were to look at employees, you would see even a more significant decrease in percentage of revenue of SG&A.

So we've been -- the only non-GAAP financial measure that we've been reporting over the last number of years is what we call cash generated for distribution or investments. And you've seen that over the last couple of years, we introduced it at an annual meeting, I think it was 3 or 4 years ago, and we were reporting it every quarter. Today, we want to transition away from that financial metric, and we're going to start reporting EBITDA. The main reason for that, EBITDA is better understood, better accepted, I think, by the investment community.

So this is a snapshot of EBITDA going back to 2016. And from this point forward, in all of our earnings releases and 10-Ks and Qs, we're going to report EBITDA as opposed to cash generated for distribution or investments. There's a reconciliation, by the way, in this presentation as there will be one in every earnings release. The GAAP and the reconciliation for EBITDA in this presentation is on Slide 18.

One little thing to point out, you noticed the first couple of years, 2016, 2017, when you compare it to other financial measures like revenue and net income, these numbers are much lower, $26 million and $27 million. That's because we had a pretty significant investment income in those couple of years and investment income is not reflected in EBITDA. So that's a difference, if you noticed, a pretty -- a significant difference in the bar graphs. And our average annual growth rate for EBITDA through this time frame has been 30%.

So we get asked a lot about debt, for good reason, with what's been happening in the world over the last year or so. So first of all, we are -- the way we finance our projects are project-only financing. Every project stands on its own cash flows. We obtain financing for every project on its own. We don't really have any corporate-wide debt. We detail our project debt on Note 9 of our Qs, which I think the last Q was Page 29. If you're interested in really looking at each one of our projects and what debt we have, the interest rate, the duration and so forth, you can look at Footnote #9.

This is just a snapshot of the detail. So debt is 29% of our company's total assets. This is as of the end of March 31 of this year, so as of the end of the first quarter. Debt is 29% of the company's assets. Our average weighted effective interest rate is 5%. 70% of our outstanding debt has a fixed or swapped interest rate and the average remaining life in years is 17.8. So again, you can look at the details project-by-project in our earnings releases and Qs and Ks, but this is a snapshot of where we stand with debt as of the end of the first quarter.

Net income. I want to spend a little bit of time on this one to go through a couple of points. So we often say, and you've seen in my shareholder letters and earnings releases that our business is not linear for a number of reasons. Part of the reason is that seeding and harvesting cycle -- that seeding and harvesting cycle and the lagging indicators of investments, which are revenue and income, those don't fit in a quarter. Those don't fit even in the calendar year since to start designing, permitting and developing and operating properties takes 2-plus years. And there's no financial measure, I think that shows that lack of not being linear than net income. And you certainly can see that in this slide.

One of the things I wanted to point out on this slide is in the year 2017, as an example, when you see that spike to $59 million, it kind of seems out of order in the trajectory. We had a pretty significant investment income in that year, and we also had a pretty significant tax benefit in that year. So again, those are factors that lead to the results not being linear. And again, net income is pretty indicative of that.

Another thing I want to point out, again, going back to the seeding and harvesting cycle, when you look at '21, which was a pretty big year, a pretty successful year, then you look at '22, you see a slight decrease in net income. As I mentioned in my shareholder letter, that was not because of demand. We haven't had a single builder of our 18 builders ask for any delay in any closing. It primarily had to do with delays. We had a significant number of delays in development of residential homesites and operating properties.

Again, going back to that 2-year seeding and harvesting cycle, if you're looking at 2022, we started making those investments literally when the pandemic started, 2020, 2021. And I think everybody in this room understands the supply chain challenges that existed during that time. And as an example, at the end of 2021, the net income of $74.6 million, we closed 74 homesites at the very end of the year in our highest margin, highest priced community, Camp Creek. Those lots sell for $800,000, $900,000. We sold 74 in December '21. And in fact, we had some closings literally right before the holiday season.

If any couple of those closings had moved to the first quarter, you would have seen a trajectory from '21 to '22 that was more upward. We don't view the world that way. We don't think of results that way. We don't manually manipulate any of those things. We have a pretty basic philosophy when it comes to our business, a bird in the hand. If we can close homesites, we're going to close them as quickly as we can, and we're not going to be worried about the optics of what it looks like quarter-to-quarter.

So this is the other graph that a downward trajectory is good. So while we've been investing to grow the company, as you saw from the previous slides, we've also been investing in us. We've been investing in the company. So from 2015 to 2022, we've returned $610 million back to shareholders in stock buybacks. So we have repurchased 37% of the shares in that time frame. We have done that while growing the company, growing revenue in the company, growing income in the company. The average buyback price of that 37% was $17.92 per share, which when you look at share price today, it's hard to argue that, that was not a good value for our shareholders.

So earnings per share. So earnings per share have grown at an average annual growth rate of 33% since 2016. Again, you see some of the similar nonlinear dynamics as you saw in net income. So from $0.21 to $1.21. That 5% difference between 33% for earnings per share and 28% for net income is mathematically because of the share buybacks. That's that difference because if you noticed, net income was 28%, earnings per share is 33%, the average growth rate. When you do the math, that 5% difference is because of the share buybacks.

So let's talk about the today and then the tomorrow. This year, we're -- I can't verify this, but I will tell you, I've been around for a long time, and I don't think we -- this company has opened or is planning on opening more operating properties in a 12-month period than in this year. We -- in the first part of the year, the first 6 months, we're planning on opening 5 hotels.

By the way, nobody in their right mind will plan to do that on purpose, opening 5 hotels are very intense. They're not real estate assets, they're operating assets. The hiring, the training, the systems, pretty intense to open 5 in a 6-month period. We couldn't have planned that. We would be crazy to plan that. But again, 3 of those were delayed. We had construction delays. We were opening -- hoping to open 3 last year, and that affected our revenue numbers, affected our net income numbers.

So as it turned out, we're opening 5 in the first 6 months. We -- the total addition of number of rooms to our hotel portfolio, we're adding 646 rooms, which is a 122% increase of what we had as of the end of last year. So after this year, our portfolio is going to consist of 1,177 hotel rooms. We've opened 2 of them already, The Lodge 30A and then this hotel where we had the grand opening a week ago. We've got 3 more hotels to go. And so far, we're tracking. We're busy. Our team is busy, but we're tracking to open those 3 other hotels June, July, certainly by July 4 is our goal.

Multifamily and senior living. We have a lot of those openings too. So this year, we're planning on increasing our multifamily and senior living portfolio by 519 units, that's a 60% increase from our portfolio of what we had as of the end of last year.

Commercial and clubs. We've been busy in the WaterSound Town Center. That's our commercial town center in front of Watersound Origins, which is one of our flagship communities. We're currently developing over 50,000 square feet of pretty high rent commercial space in South Walton County, and we're going to be opening those assets throughout the year. Similar Watersound West Bay Center, that's a commercial area in front of Latitude. We're going to be opening one of the properties there this year, and then we'll be opening subsequent properties later in subsequent years.

The Camp Creek Amenity, which is one of the stops we're going to have in the driving tour this morning, you're going to enjoy that amenity. That is for club members. It's going to allow us to continue to grow cub membership for a very long time.

We also opened Point South Marina in Port St. Joe this year. So a lot of openings this year. Again, those are investments that we made 2, in some cases started making 3 years ago, and we're just going to start showing the revenue in those assets this year. And then the profitability will lag a little bit behind because we have to stabilize the properties after you open them.

So beyond 2023, this is a chart that we've shown before, but I do want to spend a little bit of time to explain it. So this is what we call a residential homesite pipeline. In our business, whenever you see a home being built, you start seeing the commencement of construction. We've been added from an infrastructure perspective, creating the infrastructure for the homesite for several years before the home starts being built. So the way we view this, the sequence that we view in terms of our pipeline, if you look at those 3 boxes, the 3 gray boxes, we start on the right and then we move sequentially to the left. And moving us to the left is how we get closer and closer to closings, to monetizing the investments we made.

So we have 17,041 residential units in that first stage of the pipeline, which is entitlements with the concept plan. That typically means that we have a planned unit development approved by the local government, for example. We have the geometry of that phase of the subdivision or the subdivision itself, then we move on to engineering. So that's where we start the heavy soft dollar spent. We have to engineer everything we do, of course, and then we start permitting.

We go in some -- in most of the cases, we have to go to the federal government, state and also local government to obtain our permits. Then the last step, which is the boxes furthest to the left, those are residential homesites that we have platted or under development. We're actually spending hard dollars. So that's 2,556 that we have in the pipeline at the moment. Our overall backlog of residential homesites is actually under contract, we have 1,915. So -- by under contract, what we mean by that, most of the homesites that we sell, we sell to homebuilders.

We have 18 homebuilders in our stable, as I like to call it, where they execute agreements with us, and they agree to close on homesites every quarter a certain amount. We have 18 of those builders, and we have 1,915 homesites under contract with those builders. So we're -- for those 1,915 homesites under contract, they're somewhere in those 3 boxes, right? Now most of them are going to be closer to the 2,556 because the builders don't like to get too far ahead of how long it's going to take us to deliver the homesite. But that's how those 3 boxes work, and that's the relative context to what we have under contract.

Now switching to Latitude, which is a joint venture, unconsolidated joint venture. In Latitude, we currently have 679 homesites under contract. And I'm going to show you in the last slide, a little bit more detail about what's happening at Latitude. One of the things I also wanted to mention, which I talked quite a bit about this in the shareholder letter this year, one of the things that affects our results on the residential segment is the timing of product mix. What I mean by that is, we have, I think, 11 or 12 residential communities. They're all very different in terms of pricing and margins.

We have some very high pricing, very high-margin communities, and we have some more modest pricing and margin communities. So depending on when that seeding and harvesting cycle is, when we're developing those homesites and when we're closing those homesites, that does affect our results. So the latter part of last year, in the first quarter this year, we closed on a lot of homesites. But when you look at the communities where we closed those homesites at, they were in our lower pricing, lower margin communities.

We spent most of last year seeding communities like Watersound Origins, which is our higher pricing, higher margin communities. That seeding then show up in the results because we're developing lots. So right now, we have 428 homesites, and we'll drive through Origins in our driving tour, we'll show you 428 homesites in Origins that were about finished with the seeding, and we're going to start harvesting as soon as June of this year.

So those are things that when you look at the financial results, without really looking under the hood and understanding the timing of that seeding and harvesting cycle and understanding their product mix, it's really hard to get your arms around why do you see different financial results quarter-to-quarter. Product mix is one of the reasons why. So overall, we have -- by the way, when you add those 3 boxes, we have over 23,000 homesites, that is not all that we're entitled for. We're entitled for a lot more than that, but that's what we actually have in the assembly line.

We've taken the entitlement and put the [widget] in the assembly line all the way towards monetization and closing of those homesites. So I added this slide at the end because I do get a lot of questions about Latitude. Latitude is an unconsolidated joint venture. So again, going back to what I mentioned at the beginning of the presentation, the revenue from Latitude doesn't show up in our revenue -- in our consolidated revenue.

So a quick snapshot. Latitude, we have 3,500 homes planned. Sales center opened in May of '21, so about 2 years ago. So far, we've had 1,191 sales. This was as of the end of March, so as of the end of the first quarter of this year. We've had 1,191 homes under contract or sales, backlog of 679 and a little bit over $337 million in sales value of those homes under contract. And by the way, the difference -- backlog is simply the math of 1,191 sales minus the closings. We've had 512 closings. So the math of that is the backlog of 679.

The monthly pace of completions and move-ins, we hit our high watermark in March of this year as of the end of the first quarter. We completed 74 homes in 1 month, 74 homes completed move-ins. That pace, you can get a sense and analyze that pace. It doesn't mean that every month will be the exact same way. I think since the latter part of last year, we've been at around 50 to 60. But the most important thing, as I mentioned before, trajectory, we look at trajectory. So the trajectory is moving up. That scale of production has never been seen anywhere in this part of the country, anywhere part of the state.

You typically see that scale in that volume, of course, in projects like the villages and some really large master-planned communities in really big urban areas. This is not a really big urban area. So this pace is -- 74 closings and move-ins in 1 month is pretty significant. So far, we've had 124 home starts in Latitude. The most exciting thing is, we've made a lot of progress in Latitude very quickly. It exceeded our expectations. And that progress has occurred without the most important thing in any age-restricted community. And you can ask anybody who's in the business, in the retirement community business, and they will tell you the most important aspect of that community that affects sales velocity the most is the amenity. And we -- the amenity has not opened yet.

We've been developing the amenity. So we anticipate once the amenity opens, which we plan on opening in June, and it's going to make a pretty significant impact to velocity. That's our anticipation. It is a very unique amenity that is one of the stops that we're going to make on our driving tour tomorrow. It's on the Intracoastal Waterway and you see a little bit of a glimpse in that photo on the left-hand side. There's not many amenities in these type of communities that are on the Intracoastal Waterway, and it's a spectacular amenity and we can't wait to open it in June of this year.

So this is a map. We've included this map for reference. I'm not going to spend a lot of time on the map, but this is a map because I know one of the things our landholdings and our projects cover 3 counties. So it's difficult sometimes to get a kind of a snapshot of how all the projects fit in, how all the landholdings fit in. We update -- every time we show this map, we update it. So in this map, we're showing existing projects, and there -- it's color coded differently and planned projects, just to give you a rough sense of kind of spatial context of where our landholdings and our projects are.

This is the reconciliation of EBITDA to GAAP. And again, we're going to do this from this point forward in all of our earnings releases. And I'm going to torment you. I'm going to read the forward-looking statement word by word. No? Okay. Sorry, Lisa. So this concludes our presentation. And Bruce and I now would love to open the floor for questions.

And if you don't mind, if you can come up to the mic, state your name and who you're representing. And if you're representing yourself, that's okay. And we love to answer your questions. I took a little bit longer than I had planned in the presentation, so we'll be a little bit flexible on the stop time because we want to answer as many of your questions as we can.

QUESTIONS AND ANSWERS

Unidentified Participant^ [Danny Hershberger], individual shareholder. My question is in the 10-K, it says in 2022, we had 29 sales of 283 acres sold for $12.7 million. What is the thinking behind selling this land now versus development at a higher point later?

Jorge Gonzalez^ I think those are -- most of those are commercial launch in our commerce parks. I think that includes that. So we do have a couple of commerce parks that help. It's that additive value. It helps with everything else that we're doing because trades, construction companies can build and develop their facilities in those commerce parks. We sell those commerce park lots at pretty good margins. So we're very picky sellers of what I call random commercial land.

So commercial land at front on highways, near our residential communities, we get called all the time from brokers and from third-party developers that wanting us to sell those properties, we don't. Property that we believe have potential to develop as commercial property where we can generate recurring income, we don't sell those properties. But we do sell some commercial property, primarily in our commerce parks.

And we have -- in South Walton, we have the South Walton Commerce Park, which we're actually developing Phase 2 right now. In Bay County, we have a couple. We have the Beach Commerce Park in Panama City Beach. We have VentureCrossings by the airport, where we're not selling lots there actually. Then we have the Cedar Grove Commerce Park.

Unidentified Participant^ So you get calls from it all the time, so you just pick and choose?

Jorge Gonzalez^ Yes. And really, we sell just in the commerce parks. We really don't sell commercial land that fronts on highways. And that's probably Dan, who leads our commercial segment. He and I get those calls and people sometimes get feisty with us, why are you not selling? Well, it's our property. We don't want to sell them. We're not going to sell it.

Unidentified Participant^ Okay. Second question, in what ways does St. Joe's concentrated ownership from Fairholme allowed Joe to operate like a private company?

Jorge Gonzalez^ Do you want me to take a stab with that? You can -- just speaking for myself, it creates a lot of efficiency. Any one morning, I have a phone call and I'm talking to 40% of the owners. So it creates a lot of efficiency. And communication is very important, obviously. And again, we're very transparent with all of our shareholders and how we're growing the company. You've noticed in our Qs, we keep adding tables. We keep adding more information. But the specific answer to the question is, I would say, efficiency. It allows us to be a lot more efficient when one phone call, I can talk to 40% of our shareholders.

Mayur Kenia^ My name is Mayur Kenia, I'm advisor for IWD Capital Management. I wanted to -- one question -- I had 2 questions. The first was, as you're sort of bringing on new folks into the fold, both from the holding company to the operating properties, how do you infuse that sort of seeding, harvesting mentality and that sort of like longer view aspect?

Jorge Gonzalez^ I know this is something that's squishy to a lot of people, but it's really important. It's culture. When we bring people on board to our company, we want to make sure they're the right fit from a culture perspective. And that means a lot of different things. One of the things that it means is making sure that they understand our company. They understand how we're growing the company. And one of the key components of that is that cycle, right, of seeding and harvesting. So there's no silver bullet. There's not one magical way to reinforce that. It's just working on it every day and reinforcing the culture that we want in our company.

Mayur Kenia^ Got it. And then this -- the second question, if I might, is for Bruce. I guess, the qualities that brought you to St. Joe when you first invested and discovered St. Joe, how has those qualities changed from where it's -- where those things stand in your mind today as you continue to stay invested in Joe?

Bruce Berkowitz^ All right. Well, what led me to St. Joe was a sort of review of the history of the United States and asking myself a question, why do so many families do well in real estate? And how this seem to be a multigenerational event where families have done quite well? And then really came across St. Joe and invested in St. Joe. And then when I first invested in St. Joe, got to know the people running St. Joe. And it just seemed to me the whole process was upside down in terms of owner orientation, community engagement, sort of stakeholders.

So we went through a process with the past Board management. It was basically run by and owned by a trust, the du Pont family many years ago. And it was sort of run like a private club, and there wasn't a lot of ownership involved. Some people say, skin in the game. So that has changed. And today, we have a very owner-oriented company. We have a company where all the people, who work for St. Joe, live in the area. They're not traveling once a month or taking occasional trip. Every dollar of your money is watched very closely. And every dollar that's spent of your money is spent with a concrete objective of profitability in mind.

Now it takes a lot of years to become an instant success. And I think -- what you're -- you're starting to see that instant success now. For example, there must be approximately $400 million of investments that have been made over the last couple of years that are going to start to generate revenue this year. And then as it stabilizes, you're going to start to see the EBITDA, you're going to start to see the income and the EPS shares in effect.

So Jorge and team have been methodical, they've been conservative. They've had tremendous respect for your money, and they've also had tremendous respect for the communities in which they live. So it's really a win-win, long-term situation, and they've been hard at it. And I'm happy we're starting to see the kind of progress that they deserve.

Unidentified Participant^ I am [Greg Nowakowski]. I'm a shareholder. I guess I have 2 questions. The first one is, you guys regularly report, I guess, a line item relating to contractual obligations related to development and construction. That number, I've noticed, has ticked down as these projects come online and the lots get further developed, to a number that's probably lower than it's been since maybe 2018, I think, was the last time it was this low.

So I guess just in terms of future investment and just kind of a guidance of that trajectory, do you see that number cranking back up? Or as these projects come online and the cash starts coming in, do you think that enhances the company's ability to maybe be a little bit more dynamic with things like dividends and share buybacks?

Jorge Gonzalez^ Yes. So that's a very good point, by the way. And good that you understand that line item. That seeding and harvesting cycle also relates to soft dollars and hard dollars. So we've just been through a very significant seeding cycle last year. As you've seen in our disclosures, our CapEx was $352 million. So that's hard dollars that went in the ground to develop projects. Right now, we're focused on harvesting those investments. But we're spending soft dollars on new projects, the next seeding cycle.

Soft dollars are relatively small compared to the hard dollars. So soft dollars are engineering, architecture, design, permitting. So that's one of the reasons why you see a little bit of a dip because where we are in that seeding and harvesting cycle. As we make the decision to move forward with those projects that we're seeding this year and spending soft dollars, you'll see those numbers potentially go up again as we start spending hard dollars.

We are -- what Bruce said about me and management, he had less nice way to say it, we're pretty thrifty, as he calls it, very value-oriented. So we want to make sure that when we start that next seeding cycle, costs are at the right level for the projects where we feel very comfortable with the profitability of the project.

So the short answer to your question is, it has to do with the soft dollar, hard dollar cycle. So as we transition those projects that we're spending soft dollars on for the next seeding cycle, you'll see those numbers go up again.

Unidentified Participant^ Okay. And then the last question I had is just relating to, I guess, a 30,000-foot view of the Gulf County assets because I think that's something that doesn't get a lot of, I guess, talk or people pay attention to Walton and Bay, but how do you guys view the Gulf County assets and maybe picture the next where that -- what that looks like in the next 5 to 10 or 15 years in terms of its development and how you guys view that as kind of a way to incorporate development of just the general region? And then I guess, tangentially related to that in specifics, if there are any updates on the LNG project or the regional airport that I guess was recently brought up as a JV between the county and St. Joe?

Jorge Gonzalez^ Sure. All great questions. So we've been very excited about the progress and the growth in Gulf County. If you remember the slide I showed you about the 3 counties, Gulf County is growing at about 7%, actually a little bit higher than Bay County. One of the keys to that was the decision we made about WindMark. WindMark, I think I can say this, not a secret, was a project that was dead for a decade. It -- I often say that the town center looked like an abandoned movie set studio for that time frame.

In that decade, from 2006 to 2016, we sold a total of 20 homesites. It was like 20-some homesites. So about 2 per year. Last year, we sold, I think, 118 homesites in 1 year in WindMark. So we went from 20-something in a decade to 118 in 1 year. Why did we do that? Well, the partnership we created with DR Horton, our homebuilder at WindMark. Gulf County is a little bit of a challenging market to build custom homesites.

So we had a hunch that the key to getting traction at WindMark was having keys, having product where consumers can go to WindMark because it's a beautiful community. WindMark -- the Bay, the people, the ambience of the community is just -- it's a gem. Wonderful people in WindMark. And we wanted to make it easier for folks who saw that to purchase a home and our builders have certainly delivered that.

So our initial focus and our focus for a while will be at WindMark. We have quite a way to go. And what we thought would happen, more rooftops led to more tenants in our town center. And that has happened. If you've been to WindMark recently, you've seen that every space that we have in the town center that's finished is leased. And for a decade, we didn't have anybody there.

So the other component of that is the Marina. We just opened the Point South Marina in Port St. Joe. We had an official grand opening a couple of weeks ago. Based on the demand that we anticipate, it's a tremendous boating, fishing community. We increased the number of slips, I think, by two or threefold from what we had before the hurricane. And our hunch is, so far, beginning to pan out.

We've had a significant amount of demand and a lot of boats moving into the Marina. We have other plans for other projects around the Marina, potentially lodging option right in the water next to the Marina. That's one of the projects that we're seeding now with soft dollars. At some point in the future when the timing is right, we'll move forward with that project.

The LNG we had, and there was a lot of confusion about that. We had a company that was proposing an LNG facility on a portion of our property, the old paper mill site, the port in Port St. Joe. We issued them a license agreement for them to do their due diligence. And as you can imagine, with anything having to do with energy, due diligence is pretty robust. It takes many years. So we never signed a lease with them.

We issued a license agreement for them to do their due diligence. We extended the license agreement a couple of times, and they finally came to us and they said they've completed their due diligence and they're not moving forward with the project at this time. So the license agreement expired.

Bruce Berkowitz^ Jorge and team, they're reverse engineering. They're trying to answer the question, how do we sell 4,000, 5,000 homes a year in a vibrant, sustainable community? What does it take to do that? What kind of -- how many apartments do we need to sustain that? How much commercial space? What should village life look like? What kind of community do people want to have? And how do you end up with a product where everybody wins from the person -- the family buying your product to the owners of the company?

And that's what you're seeing. It's an ecosystem. And it's not going to be obvious, the timing and the events of what accelerates, what doesn't look like it's accelerating. I mean it's all moving ahead. The possibilities are literally endless. When you start to think about and you'll see it tomorrow, I mean almost 20 miles of Intracoastal Waterway frontage on both sides of, I guess, it's called the GICW, the Gulf Intracoastal Waterway. You'll see the possibilities on the tour and the slide show you saw that -- I mean we're really just scratching -- we're getting -- we're scratching the surface of possibilities.

And it's very unusual. I mean St. Joe is in a very unique position to have such a large blank canvas. I don't -- Irvine Ranch in California had such a canvas. There are a few others, but we want to do it right. And by doing it right, we will maximize the long-term value for all shareholders. And we want to serve the entire spectrum. St. Joe used to serve, as you would say, the top 1%. We want the life for everyone. We want affordable, beautiful products for the other 99%, and that's what you're seeing now.

And so to have that kind of building for homes, you need the schools, you need the roads, you need the shopping, you need the hotels, you need the apartments, you need housing for workers, you need it to be a safe environment. And it's all coming. It's all coming. It's all forming and it's starting to show. And you're starting to see it with the people who are moving here, California, New Jersey, all parts of the country now and for good reason.

Jorge Gonzalez^ Thank you, Bruce. A couple of follow-ups to that. We certainly think ecosystem when we make our decisions about projects. We're one of the most diversified real estate operating companies around. We do a lot of different things. So that, at times, is a challenge, but it's also an opportunity because when we make decisions about a project in one segment, we're always thinking about how can that project help the other segments.

I've often said hospitalities are front porch to the region. So last year, in the hotels that we had opened, and remember, it's a much smaller number than what we had this year, we had guests from 45 different states. That's in a much smaller portfolio of hotels. I can't tell you how often the introduction to our region for somebody who ends up moving here to live full-time, encouraged by them staying in one of our hotels.

So our hotels are 24/7 sales folks for the region. So we think that way, same thing with commercial. When we're investing in a residential community like Watersound Origins, which you'll see today, which we're over 800 -- almost 900 homes, when those homes are built, those families move there, we're creating consumers for the town center in the front. So we very much think ecosystem.

One last data point in terms of where people are moving from, in Latitude, those first 1,200 sales, they've been from 46 different states. The first 1,200 sales at Latitude had been from 46 different states. So it's not just from Atlanta, right? It's not just from Nashville. And at Latitude, we don't allow short-term renters. So we don't allow short-term renters. So these are either true homestead folks that are moving to live here full-time or true second homes. And so far, the ratio has been 85% to 15%. So 85% of those first 1,200 buyers at Latitude are full-time residents, moving from 46 different states, 15% are true second home owners.

So Bruce is absolutely right, we think daily about ecosystem because housing is needed, not -- we love the 1%. We love Camp Creek, right? High pricing, high margins, Camp Creek Watersound. But we also need residential communities for nurses, for teachers. That's part of the ecosystem. And as the region grows, we position the company to service all those lanes, that's an exponential factor potentially for the company to grow. So any more questions?

Unidentified Participant^ [Glenn Rawlins], individual long-term shareholder. First, I just want to applaud the tremendous transformation of the culture and the assets. So I'm grateful. When I try to learn more about Margarita, with Minto being private and what's disclosed, it's a little hard, but I can't help but think that there might be a lot of potential for Margaritaville to be like a microcosm of St. Joe with reoccurring revenue and all types of profit centers or streams of profit. So could you shed some light on that for us?

Jorge Gonzalez^ Yes. So the first one is the commercial town center in front of Latitude and then the second one is the marina that we're planning on the Intracoastal Waterway right next to Latitude. So again, thinking ecosystem-wise, every one of those homeowners that moves into Latitude is a consumer, right? So the commercial in front of Latitude, that's not part of the joint venture, that's just us. We have just started with Phase 1 of that commercial town center. Conservatively, we have planned that commercial town center and, conservatively, it will accommodate 800,000 square feet.

So we're not going to develop all that in one time. We'll do it in phases. But that's an example of a pretty significant revenue stream that I think will have over time from the consumers that are being created by the investments being made by the joint venture. Similar with the marina. The marina that we're planning on the Intracoastal Waterway, right next to Latitude, which will be connected to Latitude with golf cart paths. We're planning concierge service. You have an app on your phone. What time you want your boat in the water? What supplies you want in your boat? The consumers in Latitude that are being created by the investments of the joint venture are going to allow us to create another revenue stream. The marina is just St. Joe, it's not part of the joint venture either.

A third one, which is the most immediate one, we announced a couple of years ago that we were entering the golf cart agency business. So we created a joint venture with -- I believe they are the largest Southeastern golf cart agency. They're the largest one in the Southeast. They have done very well. And we're currently building a pretty nice showroom right at the entrance of Latitude. We -- that's another revenue stream. It's not part of the joint venture with Minto.

It's another revenue stream that we're going to be generating over time because we believe we're going to be selling a lot of golf carts. In fact, the demand has been so high just with the first 500 residents, we actually put a tent and we'll show you today. And Dan, how many golf carts have we sold?

Bruce Berkowitz^ Latitude is an amazing project, which will be the catalyst for many other amazing projects and we'll be the catalyst for significant expansion of roads, parkways, bridges just because of the number of people that are coming. I mean Jorge has told you that the commercial center next to Latitude, 800,000 square feet of village life, retail, flex space, Origins, you'll see potential of what 400,000, 500,000 square feet. And this can be replicated and replicated and replicated and done in a very pleasant way unlike most of the areas that you see in the country right now, where it's a very pleasant way where the marina is -- I mean we are surrounded by -- we have the Gulf and most people don't even know about the Intracoastal Waterway that links the two bays and the potential there.

I mean it's -- I mean that map, if you put all of the ideas on that map that you see in the presentation, you wouldn't be able to see the map. So it's just a question of sequencing, timing. I mean the thoughts are there, the ideas are there, the entitlements are there, which is unheard of or very unique in this day and age. So just a question of what's right for the communities, what's right for the owners, what the right sequencing is.

I mean this area, we're seeing growth. It's not witnessed before and what we're doing. So it has to be -- and that kind of measured pace makes a lot of sense for the value of the land also. It's very difficult, I know, to wrap your arms around the acreage we have and try and figure out what it's really worth, right, especially when you apply terminal values, and we have many decades of activity ahead of us.

Jorge Gonzalez^ And you're spot on, on Latitude. From the very beginning, when we were conceptualizing that project, working on putting the venture together, obviously, we were thinking of the profitability of the project itself. But from the first day, we were thinking about what other things, what other reoccurring income streams we can generate from the investments being made by the joint venture. So you're spot on. That's -- from day 1, that was part of our calculus.

Unidentified Participant^ My name is [Jones Martin]. I'm a representative of [Bisque] family office from Germany. So I have to apologize. English is not my first language. I have a question regarding the noncore acreage you report every quarter. Could you provide any more color about where these acreages are exactly? Because when you're in Germany, you can't really come here and see what those acreages are.

Jorge Gonzalez^ So noncore to us are properties or acres that we don't believe have a higher and better use, either as an operating property or as a residential community to sell homesites. Generally speaking, there's a geographic component to that. So we still have a lot of acres that we own in the Tallahassee region, as an example, in the SouthWood community and then laying around the SouthWood community. The growth factors, the things that we look for, for a community, Tallahassee, but the growth factors and other things we look for in terms of growing the company are not quite there in that location as they are here.

So geographically, the property we own in the Tallahassee region is, for the most part, nonstrategic. So we're patient with it. We -- that is land that we would sell at the right price. We're not fire selling. We're not selling anything at a discounted value. But we anticipate at this moment that we'll be making investments in new projects in that region. So a lot of what you'll see over time in terms of nonstrategic acres are probably going to emanate from that geographic part of our landholdings.

Unidentified Participant^ To what extent has the increase in interest rates affected your decision-making about the kinds of projects that you're going to be pursuing, the seeding as you would talk about?

Jorge Gonzalez^ It's a factor. Same thing with the increase in construction costs. So those are things we monitor every day. Are they in and of themselves definitive, where because of construction cost increase or interest rate, do we decide definitively not to move forward with the project? Probably not, but it is a factor. We obviously consider interest rates as part of our decision-making process on transitioning a project from soft dollars to hard dollars.

We do a lot of soft dollars, that's -- it's funny. It's relatively speaking, the lower percentage of cost, but it's a part that has a critical path, particularly for me. So soft dollars, we have a lot of projects in this cycle we're considering. At the right time, when we think there's that right balance of cost, interest rate, we'll move forward to those projects.

Bruce Berkowitz^ St. Joe has a natural advantage. Land that was purchased decades, decades ago. So if you look at the 10-K, St. Joe and you look at the value of the raw land is quite small. Really, remember in the United States, everything is at cost, especially land or depreciated cost, if not land. So we have -- so right away, we are going into potential projects. We already own the land, paid for. For us, it's not a significant cost component.

But I think Jorge go into more details, the inflation, all major input costs substantial and want to make sure -- the team wants to make sure they proceed where there's a reasonable profit. And -- but frankly, in many areas, if we don't do it, who is going to do it? And we want to make sure the product is right, and we deserve a fair return in producing that product.

So -- and we're patient because the land is just going to go up in value, being this is a wonderful area. As you tour around with us, you'll just see the magic of the area. And as more people get to know this area, it's going to become more important.

Jorge Gonzalez^ Maybe time for one more question. I know we're a little bit past time, and I hate keeping you past the time.

David Spier^ I'm David Spier from Nitor Capital Management. Something you hear nationally from national homebuilders is complaining about a lack of supply of land and the lack of entitlements, two things that St. Joe doesn't lack. Just curious, and I know and Bruce also mentioned, the possibility and the whole potential to get to a number of 4,000, 5,000 homes a year. I hope he's not paying you to that. But to get there, you probably need some large-scale builder. So I'm just curious in terms of the interest in addition to DR Horton and Minto of national builders or large regionals coming to the area to get to that number.

Jorge Gonzalez^ Yes. It's a great question, David. And congratulations on your new arrival two weeks ago. So we have 18 builders right now, and we have a pretty diverse stable builders, which we like and do that on purpose. We have locals, we have regionals and we have national. Over the last couple of years, because of that, because of what you mentioned, it's hard for builders to find entitled land. We've actually seen an uptick in the number of phone calls we have gotten from regional builders who are not in this region now and national builders who are not in this region now.

We -- because of what I mentioned before in terms of where we are in our seeding and harvesting cycle, we don't have room for them right now. So we stay in contact with them. We identify projects that are in the -- currently the seeding cycle, where we want to create a lane for them. We have about 5 or 6 of those that are not part of the 18 that we are in communication with and kind of working with them, and a couple of them are nationals, working with them to potentially find a lane for them.

We try to be very thoughtful. For example, in Origins, we have five homebuilders. And what we try to do is not cannibalize them. We want to set them up for success. So we are very thoughtful and careful with our homebuilders, identifying a lane for them in terms of product and pricing. That takes a little bit of time because we just don't want to randomly pick five builders and put them in the same community, and they're all competing for the same customer. So it's a process.

When we get that initial phone call, we talk a lot about their interest, their product, their pricing, and then we work with them to identify a lane for them. And the number one reason they cite why they're calling us, they're seeing the growth in the area because they're looking at the same numbers I showed you on Slide 2. They're looking at where the puck is going in Florida. And they're having challenges in identifying land that's entitled in other parts of the country, where we have that to begin with.

Okay. Well, thank you, everybody. Really appreciate you guys being here. I look forward to the tour this afternoon. I look forward to the tour tomorrow morning. So we'll take a break, and we will see everybody who's going on the tour at 1:00, right in the front of the hotel. Thank you.