

# SPECIAL FOCUS: H.R. BAXTER & SONS ENTERPRISES

# REI INK

**BUILD TO RENT IN  
CENTRAL FLORIDA**

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CONTENT**



# Company Overview

## • A NATURAL EVOLUTION TO FULL-TIME HOME BUILDING

Try to find H.R. Baxter & Sons Enterprises online, and you will find little trace of one of the biggest names in the development business. That is on purpose.

The company is built on the premise that if you do your job right and keep the crucial operations in-house, you will never have the time to build a website or the need to maintain one.

H.R. Baxter & Sons is a residential development company based in Winter Haven, Florida, with a history of building in and building up Florida homes and Florida communities.

“We have a pipeline in place to help build these residential communities

for national builders like DR Horton, NVR Ryan Homes, Lennar Homes etc. because we build and we sell. That’s it,” said Harold “Reggie” Baxter, the company’s founder.

Baxter started out in the construction business in 1995 building roof trusses. In 1996, he founded a framing company with business partner Gary Hatmaker. By 2001 they were doing millions of dollars in business annually. Soon the business evolved into home building and development. Baxter did a booming business in that sector until 2008, when the company closed its doors for good as the country headed into the Great Recession.

Fortunately for Baxter & Sons, Baxter and Hatmaker had discounted and

sold off remaining inventory of lots in 2006. That prescience enabled them to weather the housing crash, the financial meltdown and the recession.

“In 2005, there were many major developers in Polk County. Today, there are three major developers,” Baxter said. “One of the worst mistakes you can make in real estate is to overextend, and we’re fortunate we decided to sell in 2006 so we could avoid that.”

During the downturn, Baxter and a skeleton crew that included longtime assistant Halsey Carson worked in citrus groves Baxter had acquired before the crash. The plan to convert and develop the groves into residential communities was put on hold for the time, but Baxter’s strong feeling that the center of the state would be the best place to build only grew stronger. In 2012, Baxter took his personal motor home and moved to Manatee County, Florida, where he stayed for a year and a half and started Center Pointe Homes to start building again.

“In Florida, expansion starts on the coasts and progressively moves inward,” Baxter said. “We knew it would happen again, so we kept that land in the most productive form it could be in until we were ready to start building again. Florida has too many attractive angles—affordability, low taxes, low cost of living, good climate—to ever really stay down for long.”

By 2012, Baxter was ready to make some changes.

“I always knew I would get back to Polk County. I was ready to get back to work,” Baxter said.

The company used Baxter’s existing connections with national builders to get started but forged relationships with new investors and new developers as well. Baxter considers it “payback” for the success his own young company experienced in the late 1990s and early 2000s.

“We know what it’s like to come from the bottom up,” he said.

By the end of 2013, the company, Center Pointe Homes, had made a mark. It received multiple recognitions from the Manatee/Sarasota Parade of Homes, including “Best Overall” in the single-family category 3 entries.

Since then, the pace has not slowed one iota. Baxter & Sons brought its civil engineering, construction and contracting, and development divisions in-house, making the company what Baxter calls “a turnkey development company.”

“We are a developer that goes out and finds land, deals with entitlements, develops the land and then can deliver finished lots to a builder,” Baxter said. “We do everything faster, including permitting, because we have everything under one roof. The rental community business is the No. 1 growth of the single-family housing business today, and we are inundated with investors who want to build and buy rentals in Polk County and elsewhere. It’s a wonderful time to be in this business.”

## Points of Pride

### • LETTER OF CREDIT OPTION FOR PURCHASERS

Baxter takes particular pride in the letter of credit option his company extends to many of the company’s bulk purchasers. The letter enables the buyer to begin paying money out for purchase and development at the point at which development is completed rather than up front. This increases

the internal rate of return (IRR) on the project and protects the purchaser’s best interests while reducing risk for the company.

Baxter said, “It’s all about risk mitigation, and it is in the best interests of everyone involved. We are proud to look into this option with our buyers.”

### • LIBERTY RIDGE (WITH LENNAR): OPERATION FINALLY HOME VETERANS OUTREACH

Operation FINALLY HOME provides custom-built, mortgage-free homes to wounded, ill and injured veterans and the widows of the fallen from all branches of the military and all military campaigns. Baxter & Sons

developed Liberty Ridge, a military-themed subdivision that includes a monument to the armed services. The company is working with Lennar Homes to contribute three Operation FINALLY HOME houses within the subdivision.

Baxter said, “We are always looking for opportunities to give back to the community. We made our living here, and we love to see good things happen here.”



Reggie Baxter (right) with development partner Bob Adams (left).



# Interview with the Founder: Harold “Reggie” Baxter

## • PERFECTLY POSITIONED TO BUILD

Harold “Reggie” Baxter started out in the framing business, framing more than 15,000 residences and commercial structures in Florida before moving on to home construction with partner Gary Hatmaker in the late 1990s. The two built out their framing operation and became a comprehensive home-building operation, designing, building and selling around 100-plus homes a year as TCM homes before selling off their inventory and closing their doors in late 2008.

Baxter has always been one for expansion, but he believes the biggest mistake you can make in real estate is to overextend. Walking that fine line enabled him to weather the housing crash and become one of just a few builders and developers still active in the hot central Florida market today.

## • IN-HOUSE OPERATIONS

Baxter considers his business to be a turnkey development company. In addition to a civil engineering department that expedites permitting, the company’s construction and contracting division handles the construction of all neighborhood amenities,

clubhouses, pools, green spaces and recreational areas.

Baxter said, “We have the pipelines needed to acquire lots for single-family rental communities and then build the homes or sell the lots and let our buyers handle construction.”

ing need for single-family residential communities and, more specifically, single-family rental communities. It was the No. 1 topic at the John Burns Conference this year, as a matter of fact. There is a need for lots and a need for builders to develop them. We can do both.

### Have you always been a builder?

I started a framing company doing about 2,000 homes a year in the 1990s, and then I grew it to a homebuilding operation with my business partner. We built custom-design homes and even entire communities, but we closed at the end of 2008 to avoid the downturn.

Fortunately, we did not sell our property pipeline, a portfolio of citrus-grove properties that are now in extremely high demand by builders. Thanks to citrus greening that is leading to a reduction in yield per acre, it now

“Everything we do has to do with opportunity,” Baxter explained. “We are always building our pipeline, building our communities and selling these developments. Build and sell: It’s all we do.”

### Where do you do all that building and selling?

We do a lot of work in central Florida, especially in Polk County, Winter Haven and Lakeland. However, not everyone realizes we can take our operations just about anywhere in the state. We have deals in Manatee County, Sanford, Plant City/Hillsborough, etc. For us, the great thing about Polk is that there is plenty of room to grow and plenty of demand for developed lots. All the national builders are either already active here or looking closely at the area.

They’re doing that for a reason, and that reason is simple: There is an overwhelm-



makes perfect sense to develop those groves rather than continuing to farm them. Although I did spend about 5 1/2 years working in those groves during the housing crash, I have always been a builder, and I always knew I would end up back building in Polk County.

### You maintained the citrus groves yourself during the downturn?

Yes. In fact, aside from having my children (which is my proudest moment), working those groves with people who would become some of my most trusted colleagues, friends and partners is another source of pride. Between 2008 and 2012, I also worked as a cattle rancher. Owning that pastureland is a very big benefit to me today, since we can use that land for more residential communities in the future.

### Any other particular points of pride?

Oh, yes! One of the things that has meant so much to me was when I became planning commissioner for Polk County. To me, it showed that people realized I had something I could offer the industry, and I was delighted they trusted me with that responsibility.

Also, I’m very proud of my 26-year partnership with Gary Hatmaker. We’re still going strong and we’ve never had an argument. And, of course,

my partnership with Bob Adams. Bob is a mentor and an icon in the industry. He’s been in the business for 50 years, and he has had only three partners. It was a big deal for a man of that stature to come work with Baxter & Sons, and he helped take our pipeline from about 800 lots to nearly 5,000.

### Now that you have such a big pipeline, what is the next move?

We are building huge communities in conjunction with some of the biggest builders in the country, but we also work hard to keep smaller investors involved in the industry. If your company is using equity to buy and invest in rental communities, then we are looking to work with you either in central Florida or elsewhere in the state. We are very active in Polk County because there is so much potential in that area of Florida, but we also can work just about anywhere that investors want to build rental communities.

Because we are building communities mainly for entry-level buyers (i.e., national builders), our product is in huge demand and also serves a vital purpose in sustaining the bigger community around it. We are constantly looking for ways to work with investors to create the housing that is needed, and we are inundated with the number of people who want to buy lots in Polk County.

# Timeline

## 1995

Starts building roof trusses

## 1996

Partners with Gary Hatmaker to start Mid-Florida Framing

## 1999

Founds Total Construction Management with Hatmaker

## 2008

Total Construction Management shuts down after selling off assets before housing crash

## 2008-2012

Founds and manages R&R Cattle LLC, using land already owned to care for and maintain herds

## 2012

Founds Center Pointe Homes LLC and starts developing land again

## 2013

Center Pointe Homes recognized during the 2013 Manatee/Sarasota Parade of Homes for “Best Overall in Category” as well as other categories

## 2014

Shifted focus to Polk County, Florida, although still available for projects elsewhere

## 2019

Completes initial development on Liberty Ridge, a military-themed community with three Operation FINALLY HOME houses on-site, together with Lennar Homes.

## 2020

Partners with Bob Adams, formerly of Highland Homes, to build the Astoria community on land purchased from Standard Sand & Silica Co.

# Strategy & Process

## • KEEPING EVERYTHING IN-HOUSE

Reggie Baxter believes in reliability, focus and control. The longtime developer's keen eye for opportunity played a key role in his ability to build several companies. Those include a framing company that framed more than 2,000 residences per year, a construction company that handled the building of more than 100-plus custom-designed houses per year from start to finish, and a complete residential development company that works with some of the biggest national builders in the business. The latter is thanks to a pipeline of thousands of permitted, titled lots perfectly suited for residential rentals communities in Polk County, Florida, and elsewhere.

Key to the development and maintenance of this large-scale operation over the years is Baxter's dedication to building—building systems, building relationships and building inventory pipelines.

"We are happy to let our clients do whatever they want to with these lots once they have acquired them, but on our side of the equation, we are confident that our pipeline is filled with product that is ideal for rental communities and ready for building," Baxter said.

In most cases, the clients in question, including builders like Lennar and D.R. Horton, purchase either half of a subdivision or the entire subdivision. Then they contract with Baxter's company to build the homes in the subdivision (fin-

ished-lot products) or build themselves. "The national builders often have a big problem in domestic markets: labor," said Baxter. "The second-biggest problem they face is finding entitled properties to feed their pipelines so they can keep building new communities in places that are attractive to their consumers. We are in the perfect position and physical place to provide those lots for them."

Baxter realized early that the best way to get traction and, ultimately, work closely with big builders and investors in the new-construction space is to offer what he describes as a "turnkey" product. This meant making sure that by the time a product is sold to a builder, it has been permitted, titled, developed to a finished lot product and positioned for success.

"We have a civil engineering division in our office, Hunter Engineering, and we also have a construction side to the team," Baxter said. Once the company has located and acquired a large property for a new development, the civil engineering department handles permitting and entitlement of the lots. By the time the builder acquires the property, all of these vitally important "fine print" issues have already been taken care of.

The construction side of the business, Center Pointe Homes & Construction, serves as the contractor and builds amenities, clubhouses, pools and recreational areas, again keeping

everything in-house and enabling the permitting side to work in concert with the building and development side. Not only does this make things simpler for builders purchasing the communities, it also makes the entire process more efficient. It's no wonder that so many investors simply opt to have Center Pointe handle finishing the lots and building the rental homes in their communities as well.

For example, as part of a recent \$11.6 million acquisition of 160 acres in Polk County, Baxter will work with partner Bob Adams, formerly of Highland Homes, to bring a massive new subdivision to the area. The first phase of the subdivision, called Astonia, will consist of 681 lots and begin in 2020. Highland Homes (run by Adams's son) will build 300 of those homes. Ryan Homes will build 231 of the remaining homes, and D.R. Horton will build the remaining 150 homes. Those 681 lots comprise Phase 1 of the development. Phase 2 will include another roughly 331 homes to be built sometime in the 18 to 21 months following completion of Phase 1.

"This type of project is possible because we operate all in-house," Baxter said. Hunter Engineering is the engineer of record on Astonia, and Adams told a local publication, "Getting utilities to the area and [a local roadway] extended was a joint effort by the land sellers, developers and Polk County." Baxter

believes this type of effort is expedited and made possible by the smooth internal processes in his companies.

Local planners predict Astonia's first phase alone will generate 135 elementary students, 65 middle school students and 91 high school students in addition to commercial growth, including retail.

## • GROVES, PASTURELAND AND POLK COUNTY

There are many reasons Reggie Baxter and his team at H.R. Baxter & Son's have been able to build out such an impressive pipeline of inventory for builders to acquire and develop into the extensive communities central Florida needs. One of the biggest influences on this growth has been Baxter's eye for converting performing assets into high-performance assets, particularly when it comes to land.

Baxter's pipeline is generated, in large part, from the Florida citrus groves and pastureland that Baxter, a partner or one of his companies already owns or controls.

"During the downturn, we used that land for its best use: citrus groves in some cases and as pastureland in others," Baxter said. "Now, its best use is definitely for residential communities."

In the wake of the housing crash in the mid-2000s and the global financial crisis immediately after, Baxter eyed his holdings and concluded he would need to work them himself in order to keep them productive. As a result, he worked in the citrus groves as a cattle rancher from about 2009 to 2012, when he began building and development once again.

"Today, that land will be far better off as residential communities," Baxter

It will also include a "much-needed public park," according to Polk County planner Ian Nance. That park will include sports facilities and a dog-walking area, and the neighborhood will have a new fire/rescue station to accommodate the new population. Nance predicted the county would build a new elementary school

said. "There is a constant influx of people into Polk County because it is a 'bedroom community' for Disney employees and because of the county's own independent economic expansion. We are in a prime position to help create more housing options for the incoming population and provide the lots builders need to keep creating new communities."

Recent communities associated with H.R. Baxter & Son's include:

- Lake Florence | Bentley Place | Sun Ray
- Astonia North | Liberty Ridge | Eagle Pines
- Astonia South | Alford Oaks | Savannah Estates
- Lilac Pointe | Jace Landing | Emily Estates
- Inman Grove | High Pointe North | Country Walk
- B&B Ranch | Silver Palms | Country Walk Estates
- 1,000 Oaks | Country Walk of Winter Haven | Country Walk of Lake Region
- Lake Parker | Greenside Village | Country Walk of Manatee

Because Baxter works closely with his clients and his company manages the

in 2020 and, possibly, new middle and high schools later.

**"The great thing is that we can do this anywhere," Baxter said. "As fast as we can get them permitted, we can sell these attractive projects. Although we tend to sell new projects quickly, our pipeline is always growing and there is always more inventory available."**

## Polk County

### • BY THE NUMBERS

1

Fortune 500 Company, Publix Super Markets, headquartered in Polk County

6

Colleges and universities located in Polk County

**\$60,000**

Entry-level salary at the NuCor Florida steel plant in Polk County

**1,000**

New jobs the Amazon Air Hub is expected to bring to Polk and Lakeland counties

permitting process for its developments, builders benefit from his ability to hold the properties until reaching the permitting process.

"We are always moving forward, and we work hard to keep our pipeline accessible to investors at the same time," he said.

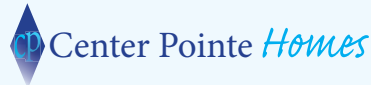
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