

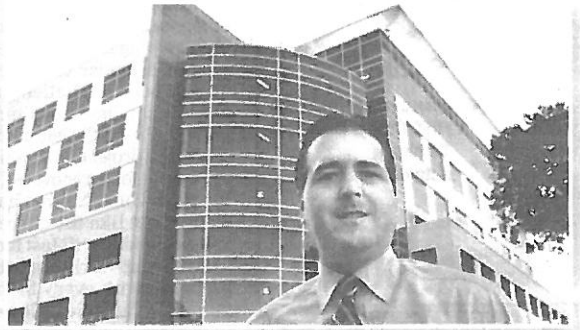
JIM CARCHIDI

Epoch Properties Inc.'s Kyle Riva said a proven track record and 32 percent equity made the Landmark at Universal apartments a reality.



JIM CARCHIDI

Personal relationships helped Intram Investments get the Ignite Restaurant Group Inc. project.



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Ustler Development's Craig Ustler said a green office design helped him land a solid tenant for the \$30 million GAI building.

## RECESSION

# SURVIVORS

Developers share how they proceeded with projects in tough times

BY ANJALI FLUKER

**S**eventeen developers built a total of 2.6 million square feet of space in Central Florida in 2008. But by 2009, just four developers had active local projects, totaling 1.2 million square feet. And this year? Only three projects are in the works, for a total of 441,000 square feet.

Most real estate projects were put on hold as local developers shifted to renovations and/or tenant buildouts due to a lack of commercial construction financing and equity partners. The reason: The slow economy has led to less demand for commercial space as companies have downsized or gone out of business.

Here, the three developers with active new construction projects reveal how their projects managed to survive:

### IGNITING NEW RETAIL

Orlando-based Intram Investments Inc. said a relationship with members of a restaurant group seeking to grow its local footprint this year brought it some work on the development front.

Intram Investments' 8400 I-Drive LLC in April bought a 3-acre site on International Drive in Orlando that formerly housed Ran-Getso of Tokyo restaurant for \$5.2 million. It then razed the existing 15,000-square-foot restaurant and developed two side-by-side 8,000-square-foot eateries for Houston-based Ignite Restaurant Group Inc., which signed a 15-year land lease on the site.

The two restaurants, Joe's Crab Shack and Brick House Tavern + Tap, should be completed before the end of this year, said Randy Hodge, vice president of Intram In-

vestments. The project was funded by an equity partner and a bank loan.

The catalyst was knowing the members of Ignite, who were looking for new sites, he said. "Because of those relationships, we were able to get this together at a time when it otherwise may not have happened," said Hodge.

Edward McGraw, vice president of development for Ignite, said he has more than a 10-year relationship with Intram President and CEO Rashid Khatib and Hodge, dating back to when he worked in real estate for TGI Friday's, for whom Intram was a developer. The previous relationship made a difference in this deal because Intram was a proven partner, McGraw said.

"Intram is a good group to work with," McGraw said. "They've always lived up

## DEVELOPERS

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to their end of the bargain, and that played a large role in how smoothly this deal went."

But all real estate projects face challenges such as regulatory approvals, working with a seller, putting a lease together, finding an able and willing tenant and securing enough funding to get the project done, added Khatib. "We haven't escaped the effects of the market, but select pieces have worked out."

### GREENING OFFICES

It took Craig Ustler three years to secure a construction loan for a \$30 million, 105,000-square-foot office project in downtown Orlando.

Though the project was announced two years ago, the credit crunch left the president of Orlando-based development firm Ustler Development Inc. with fewer lenders to approach and an even tighter loan underwriting process.

"The biggest challenge is convincing a lender that even in an overall poor or challenging market, you can have good individual projects," said Ustler, adding that starting a project now would deliver in time for a recovered market in 2012 or 2013. "Yet you have lenders that act like the current challenges of today will last forever."

But being overly organized and prepared with every bit of information available allowed him to communicate accurately and

demonstrate the depth of his expertise to lender M&I Bank, Ustler said. The firm also landed a solid tenant: Engineering firm GAI Consultants Inc. signed a long-term lease for 65,000 square feet, taking up the building's top two floors.

GAI was seeking an eco-friendly office for its regional headquarters, and the fact that Ustler Development's project had a smaller footprint than a typical downtown skyscraper helped him secure the tenant. About 100 GAI workers initially are expected to work in the building.

The seven-story building on the southwest corner of Summerlin Avenue and South Street began construction in late 2009 and is slated for a first-quarter 2011 completion.



### Active developments in 2010

Company name	Project type	Size	Cost
Epoch Properties Inc.	Apartments	320,000 sq. ft.	\$42 million
Ustler Development Inc.	Office	105,000 sq. ft.	\$30 million
Intram Investments Inc.	Retail	16,000 sq. ft.	*\$1.7 million

\*From real estate source estimates Source: Epoch Properties Inc., Ustler Development Inc. Photo of GAI Consultants construction site: Jim Carchidi

### RENTAL REBOUND

Kyle Riva feels knows what it's like to be under a microscope.

Riva, president of Winter Park-based development firm Epoch Properties Inc., said that's how he felt when his firm needed a construction loan in late 2008-early 2009 for its \$42 million, 310-unit Landmark at Universal apartments. This was when most banks turned off the spigot on lending money.

"It was a very unique challenge," Riva said. "I'm not sure we've ever quite experienced it to this degree in our careers."

But last January, thanks to its proven track record and 32 percent equity in the project, the firm landed a \$27.7 million construction loan from City

National Bank of Florida, Seaside Bank and New Traditions Bank, Riva said. That was just two months after Landmark Luxury bought the nearly 12-acre site for \$7.8 million from Universal City Development Partners Ltd., Orange County records showed.

Riva said the entire loan application process was "highly, highly scrutinized" and took nearly a year from application to closing. One of the things that helped the firm is its past record of putting a significant amount of equity into its projects, helping keep it free of problem loans, Riva said.

The project was one of the only new apartment complexes under construction this year and the first building should be completed sometime this month.

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