

Baldwin Park's growing pains

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Kevin Wallace and his landlord have one thing in common: Both are struggling in downtown Baldwin Park.

Wallace, a first-time business owner, operates a home-accessories shop in the heart of Baldwin Park Village Center. His store, Urban Arts, has been open for a year but is fighting for survival.

Unicorp National Developments Inc., owner of the upscale village center, is scrambling to complete a project that's millions of dollars over budget and at least two years behind schedule.

Wallace and other Baldwin Park merchants blame Unicorp for their problems. Poor marketing and piecemeal construction -- they insist the developer promised the village's retail section would open all at once, not a bit at a time -- have hindered foot traffic and resulted in subpar sales, they say.

"If things had been completed as they said, I wouldn't have this problem," Wallace said.

Unicorp's founding partners, Lee Maher and Chuck Whittall, say the problems with Baldwin Park arose from an unlucky combination of circumstances, and they project the center will be finished by the end of the year.

Yet even as it struggles to finish its first big development, Unicorp is busy making ever-larger deals, building a to-do list of high-profile projects worth more than \$3.5 billion.

Virtually unknown a decade ago, Orlando-based Unicorp has mushroomed from a builder of drugstores and small shopping centers into a major developer and real-estate investor, with operations scattered along the Eastern Seaboard.

Several of its biggest projects in Florida are high-profile, public/private partnerships involving municipalities eager to bolster their image -- and their tax base -- with sparkling new town centers.

Unicorp is also the retail developer for Premiere Trade Plaza, the massive redevelopment project in the heart of downtown Orlando on which the city has bestowed millions of dollars' worth of economic incentives. And it recently bought the Mercado Festival Shopping Center on International Drive, with plans for a \$1 billion retail development and condo hotel.

At Baldwin Park, the company bested about a dozen competitors in 2002 to develop most of the commercial center for the New Urbanism-style community, which has risen from the rubble of the former Orlando Naval Training Center. Its job: Build 185,000 square feet of retail, 20,000 square feet of offices and 177 upper-floor apartments straddling the project's main street.

After bagging the prize, however, the company almost immediately got bogged down.

The \$100 million mixed-use project was, at that point, the biggest ever undertaken by Unicorp, and the tricky combination of commercial construction mixed with residential development was new to the company.

The original general contractor was replaced after seriously underestimating the costs involved. There was a dispute with the project architect. And the early phases of construction were pummeled by the hurricanes that swept across the region in August and September

2004.

Timetable changes

While Unicorp's Maher and Whittall say they expect the center to be finished this year, past projections haven't panned out. Some retail tenants were more than a year late getting into their storefronts. And a year ago, Whittall was estimating that the work would be done within four months.

Maher and Whittall also say their company's rapid growth was not part of the problem -- that they have poured additional money and labor into the venture to get it back on track.

Maher acknowledges the project has cost millions more than anticipated. He said recently that cash flow from the company's \$700 million investment portfolio has been needed to keep things going.

"It's been a strain on the company," he said. "It was a learning curve for everybody."

Still, the project "will be profitable at the end of the day," Maher said. And the millions invested during the delays could be recouped quickly through a sale. "Several parties are interested in buying the property, though it's not under contract," Whittall said.

David Pace, managing director of Baldwin Park Development Co., the company chosen by the city of Orlando to develop the former Navy base, said he's rooting for Unicorp to sell its share of the village center.

"We're as disappointed as the residents," he said of the delays in completing the village center. "We're about two years behind our expectations."

Pace said he empathizes with Unicorp over problems such as the triple hurricanes that struck the region two years ago. And he carefully measures his words when talking about Unicorp, its problems in Baldwin Park and its growing list of town-center projects elsewhere.

"They have a gift for figuring out how to get the tough deals," he said. "In the past year, I think they've built an organization that can back up that gift. For a while, I think that gift outstripped their ability to produce."

The company's \$250 million town-center project in Altamonte Springs, begun in 2004, may be an indication of that evolving organization.

"Everything is on schedule and going smoothly," said Frank Martz, the official who looks after the city's interest in the project as director of community development and planning services. For one thing, the retail portion of Uptown Altamonte is less complex than Baldwin Park's, with separate residential buildings.

The problems at Baldwin Park also haven't deterred the city of Casselberry, which is planning to sell Unicorp property for a \$20 million town center. Meanwhile, the city of Temple Terrace is negotiating with Unicorp to develop a \$200 million center in the New Urbanism style.

Ralph Bosek, Temple Terrace's community-services director, said he has kept close tabs on Unicorp's work both in Baldwin Park and Uptown Altamonte.

Altamonte Springs is going well, he said, and Baldwin Park is finally coming together.

"I think there was a learning curve there," Bosek said of Baldwin Park's village center. "I like the way Unicorp has stepped up to handle the Baldwin problems. I think all that will help us going forward."

Bosek said his city, about eight miles northeast of downtown Tampa, expects to have an

agreement with Unicorp by November.

Meanwhile, Maher and Whittall continue to search for and land ever-bigger deals.

Project in Virginia

In Henrico County, Va., near Richmond, the company is developing a \$1 billion project, West Broad Village, which is planned for 1,000 homes, 600,000 square feet of offices, 400,000 square feet of retail and two hotels. Joe Emerson, Henrico County assistant planning director, said the project, one of the largest undertaken in the county, is approved and ready for the permit process.

Even larger is a development in North Augusta, S.C., where more than 1,500 acres is planned for 3,000 homes plus golf courses and commercial space. Unicorp's development pipeline will shrink by about \$1 billion when the company sells this project to another developer for actual construction.

"We've gotten the land, planned and entitled, and now we'll sell it," Whittall said. The company wants to find similar opportunities for developing a large-scale project that it can sell before construction starts, he added.

Maher and Whittall met about a dozen years ago, when both were commercial developers competing for drugstore locations.

"We decided to do a deal together," Maher said. One deal became two, several others followed and Unicorp was born.

They developed drugstores for the former Eckerd chain, doing more than 100 across the country. Along the way, they began building a portfolio of strip shopping centers.

Competitive drive

Today, Unicorp has 32 employees and offices in Orlando; Richmond, Va.; and Long Island, N.Y. And it still does drugstores: The latest two are both Walgreens in Manhattan.

Maher and Whittall have more than their competitive drive in common: Both are Florida natives. Maher was born in Cocoa Beach; Whittall, in Winter Park.

Maher's father was in the Air Force, so he lived in foreign countries and all across the U.S. Whittall has lived in this area all his life. He went into real estate after high school, first with a stucco company, next as a luxury-home builder, then as a commercial developer.

Whittall and Maher have reputations as being tough negotiators in the rough-and-tumble world of retail development.

"Retail is very competitive," said David Marks, president of Marketplace Advisors, a Winter Park consultant and brokerage. "They're known for being tough. It's a bruising arena."

Morgan Wiseman, a retail broker for more than two decades who is now with Realty Capital TCN in Orlando, said Maher and Whittall "caught the [real-estate] wave and rode it to great success. They own a lot of property and have good cash flow going."

The merchants back in Baldwin Park, meanwhile, are still waiting and working for the success and cash flow promised by their nearly complete town center.

Charlene Bender, owner of Artistic Expressions Photography, said business in the partly open complex has been discouraging. "It just isn't what they promised," she said. "We pay Class A rent and have no traffic."

But Jack Zimmer, owner of the bicycle shop Loco Motion, has already expanded his original store because he's convinced the future is bright.

"Once construction is completed," he said, "it's going to be a great place to be."