

Despite market, city moves forward with \$150M downtown

BY MICHAEL HINMAN
STAFF WRITER

TEMPLE TERRACE — For the first time, hard numbers on this Tampa suburb's 10-year downtown redevelopment odyssey are scheduled for disclosure.

The Vlass Group of Atlanta is the latest firm to take on 38 acres in Temple Terrace that a pair of aging shopping centers calls home. Vlass plans to build at least 400,000 square feet of office, retail, municipal and condominium space.

Such a project could carry a price tag of \$150 million, which could make it one of the year's largest mixed-use projects in the Tampa Bay area if an agreement is reached and ground is broken.

"It's hard to be optimistic [in this market], but things will turn around," said Temple Terrace city manager Kim Leinbach. "It's a tough economy and a challenging time, but we want to position ourselves for when it turns around."

TIMING IS EVERYTHING

Leinbach is expected to present details of a proposed agreement between the city and Vlass Feb. 10, outlining what both sides are asking for, and what — and when — Vlass expects to deliver.

Other than financing, the success of the downtown project hinges on timing.

"It takes time to build, so the market could change by the time it's delivered, but it wouldn't go without some market risk," said Andy May, an executive director at Cushman & Wakefield of Florida. "On all fronts, the national retailers are challenged, and lenders are being quite cautious in retail and office."



That's because office is **May** struggling, especially in the Interstate 75 corridor that affects Temple Terrace. Vacancy in that corridor, representing 7.1 million square feet of space, hit 20 percent last quarter, more than any other submarket in the Bay area, according to Cushman & Wakefield. Another 350,000 square feet is under construction in that submarket, topping the Bay area as well.

"It's always a tough game to figure out

when is the right time to launch so that they are delivering on the uptick of the economy, but right now it's just flat," May said.

Financing for the downtown project isn't clear, Leinbach said, only that Vlass has made reassurances it has the capital to get it done. Mike Vlass, a principal with the developer, didn't elaborate on financing but said it would be a combination of both debt and equity.

Vlass is a former banker who spent later years in land development. He assembled the land that became the Quorum Center in Orlando and also was the lead partner in the \$300 million Uptown Altamonte mixed-use project in Altamonte Springs beginning in 2001.

"We have been doing this for over 30 years, and we have great relationships with banks that we've worked with for years," Vlass said. "We're in a good financial position with a lot of equity, but obviously the key to everything is finding the right merchants for the right development."

MAKING SACRIFICES

Over the nearly decade-long lifespan of the downtown project, the city has spent much of its time assembling land and suffering through non-starts, first from Unicorn National Developments of Orlando and most recently a partnership between Ram Development Co. and the former Pinnacle Realty Advisors in Tampa.

Vlass Group has been interested in the Temple Terrace project since it just missed out on becoming the developer of record more than two years ago, and that interest hasn't waned.

"We asked him why he was still interested after all this time, and he told us it takes a lot of courage for a community to assemble land the way we did," Leinbach said. And while higher density might not sit well with many residents in Temple Terrace, the city manager accepts that increasing density may be the only way to get the project to work.

"From the start it's been a long process, but so as long as the end result is what the community wanted, then it's worth the sacrifices," he said.

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