

COMMERCIAL DEVELOPMENT by Mark Gordon | Managing Editor

Osprey Optimism

A large commercial development project on the Gulf Coast — the first phase, anyway — is actually close to completion. Could more good news follow?

Randy Moore is one developer who could actually say that the struggles he's encountered putting together just the first phase of a large-scale mixed-use project on the Gulf Coast were beneficial.

Moore might not have felt that way in May 2006, when initial ground clearing and demolition work began for Bay Street Village and Towncenter, a 45-acre project in central Sarasota County that includes a 110,000-square-foot mix of restaurants and retail stores with condos, homes and loft-style apartments, as well as potentially a new county library and a boutique hotel.

But now, three months from finally being able to deliver 20,000 square feet of retail commercial property to the first batch of tenants, Moore's position has changed because those struggles reduced competitors.

"There's a lot of hurdles to go through to build a project of this magnitude," says Moore, of Duluth, Ga.-based Crossgate Partners. "It's a barrier to entry for others."

Moore could talk from a position of competitive strength like that because Bay Street Village is one of the rare projects on the Gulf Coast that is proceeding along, albeit slowly, with its original intentions: To build a new urbanism-style project that could reshape Osprey, a small town sandwiched between Sarasota and Venice on U.S. 41 that has



Construction work continues at Bay Street Village and Towncenter, a 45-acre mixed-use project for central Sarasota County. The first phase of commercial construction, about 20,000 square feet of retail space, is expected to be ready for tenants by June.

traditionally been passed over when it comes to big-ticket developments.

While Bay Street isn't the only big commercial project to move ahead and nearly complete one phase of construction, it's clear that the struggling economy has stalled many other projects on the Gulf Coast — particularly those with a residential component. Developers

have cited a variety of specific reasons for the delays, from super-sized impact fees to a lack of available capital, but the end result is the same: Stagnation.

The Bay Street Village delays, says Moore, were both market driven and bureaucracy driven. On the market side, simple oversupply issues have hurt the housing component of the project, while

the bureaucracy component involves having to go through a myriad of governmental agencies and neighborhood groups to move ahead with each aspect of the project.

On the positive side, one facet Moore says has remained relatively constant in the process is financing. Crossgate's main lending partner in the project, Whitney Bank, hasn't felt the need to alter the loan terms over the past two years. Still, Moore says he's acutely aware that many banks, reacting to the slumping market, are becoming stricter with construction loans.

Another positive aspect to completing the first phase of commercial retail construction is that Moore hopes he will be able to capitalize on low interest rates to entice buyers, not just renters. Crossgate has been ultra-specific with its tenant selection in order to find retailers that can enhance the viability of the center by making long-term commitments that come from buying the space outright, not renting.

So far, about 95% of the first 20,000 square feet of Bay Street is taken, leaving only about 1,000 square feet remaining. Tenants include a Quiznos sandwich shop, a bank, a jewelry store and a salon. There is considerably more space available in the next two phases, for which construction could begin later this year.

Moore, who is based in Georgia but spends at least a few days a week on the Gulf Coast, says his biggest challenge is a perception one. Crossgate Partners has been involved in several other projects in the Sarasota market, so he's well aware of the prevailing gloomy attitudes. He is trying to get past the stage of people being surprised that the project has actually come so far in such a slumping market.

"Yes, there are some soft spots in the overall market," says Moore, "but there are a few bright spots, too."

FOR LEASE

NORTHERN TRUST BANK BUILDING

At Lakewood Ranch
6320 Venture Drive, Bradenton



Signature building with University Parkway exposure. Great combination of private offices and open cubicle area with break room.

Suite 200 - 2,619 SF, 2nd Floor
Suite 205 - 6,368 SF, 2nd Floor (will divide)
\$17.50 NNN

Andrew Marcus

Office Phone - 941-957-3329

Cell Phone - 941-928-6360

amarcus@montgomerygroup.net

HEMBREE 941.951.1776
& associates info@hembreeco.com

FEATURED PROPERTY



Technology Park II

LAKWOOD RANCH OFFICE PARK
EASY ACCESS TO I-75 AND FRUITVILLE RD.
VERIZON SMARTPARK FOR EXCELLENT CONNECTIVITY

- 1,650 OR 3,300 SQ. FT. UNITS
- \$235 PER SQ.FT. FOR SHELL / \$295 BUILT-OUT
- 1,650 SF UNIT FOR LEASE AT \$18.50 PER SQ. FT.

**MEDICAL USERS WELCOME
FLEXIBLE BUILDOUT PLANS**

Anthony Homer 321-7323