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# ORLANDO Business Journal

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## From a block of blight, a city reborn

PremiereTrade lauded as the catalyst for jump-starting downtown

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**Story Images**



ORLANDO -- In 1999, the situation looked dire for downtown.

Tourists bypassed the area. Shop owners abandoned their stores, which sent retail vacancy rates soaring to 22 percent. At that time, a city-sanctioned study determined that many downtown dining and nighttime venues warranted high marks, but retail offerings ranked far below that of other, comparable urban cores.

After city officials and merchants wrangled over an array of incentive arrangements, a downtown transition team in 2003 zeroed in on an entire block owned by Jaymont Realty as their "Main and Main" location for revitalization -- Orange Avenue and Church Street.

Even though that location had been mentioned as a redevelopment site for some 13 previous years, the findings in the 1999 study concluded there was potential for a "real downtown" there with residential, office, commercial, government, cultural and entertainment centers.

As its grand opening approaches on Oct. 21, PremiereTrade Plaza, the 33-story, \$160 million mixed-use brainchild of developer Cameron Kuhn, is being hailed by city and business leaders as the cornerstone of downtown's rebirth.

The development includes 305 residential condos, a 1,623-space parking garage, 400,000 square feet of office condos, 105,000 square feet of retail and restaurant space, and a 12-screen movie theater.

"Cameron's efforts have been pivotal in creating what it is they (city officials and local business leaders) all had in mind," says Marc Cook, a business partner with Tom Cook Commercial.

PremiereTrade gave other investors the confidence to consider building in downtown, say government and business officials.

Since it broke ground in December 2003, PremiereTrade has been the impetus for a flurry of smaller condo and redevelopment projects, as well as such major projects as the 36-story The Vue, the 32-story 55 West and, more recently, the groundbreaking of Dynetech Centre, another mixed-use development that will scale 32 floors.

PremiereTrade also brings several firsts for the central business district: It's the first to sell day/night parking easements, which generated an additional \$14 million, allowing Kuhn to pay back the city's loan eight years early; and the first mixed-use project to debut with office condominiums along with several other uses.

"The true value of the project is when it's up and open and people have the opportunity to create a business and evening lifestyle, and people are living and working in the complex," says Roger Soderstrom, an owner of Stirling Sotheby's International Realty in Lake Mary.

"The first theater in downtown Orlando, shops, cafes and restaurants in a single area -- that's going to be a tremendous attraction to bring a lot of people into the downtown market."

Empty stores to mixed-use

In 1999, three large Orange Avenue retail properties lost an array of tenants: Terror on Church Street, whose exodus marked the vacancy of an entire city block owned by Jaymont Realty; Liggett Drugs as well as Rat Pack's On The Avenue nightclub upstairs; the old J.C. Penney building vacated by the traffic court; and Behr's Shoes.

Pockets of smaller retailers followed suit, like Steve's Southern Music and Orange Avenue News & Cards.

Results of a survey by Urban Marketing Collaborative, a market research firm from Toronto, released in July 1999 confirmed downtown's competition was coming from retail at non-mall locations like Universal Studios Escape's CityWalk and Downtown Disney, rather than from regional malls at a time years before Mall of Millenia debuted.

Urban Marketing found retail -- especially apparel, convenience items and general merchandise -- among those areas that needed to be improved to attract more residents and visitors to downtown Orlando. The survey further identified parking and convenience, and safety and cleanliness as weaknesses.

Kuhn and a group of investors that included Raul Alvarez, a partner with Alvarez Sambol Winthrop & Madson, bought the former Jaymont block from the Tavistock-Allan Group for \$10.8 million.

Because of its size, its multiple uses, the city's involvement and the tight time-frame the parties were working under, several people involved in the PremiereTrade deal say Kuhn had to move quickly to assemble not only a legal team, but also a deep bench of construction, design and marketing/sales professionals who could help shepherd the process.

Kuhn selected Baker & Hostetler LLP from a half-dozen other law firms to help with the nitty-gritty details. To facilitate office condo sales, Kuhn brought Tom Cook on board. Stirling International also helped Kuhn reach his pre-sales requirement for construction funding.

To coordinate design and construction, Kuhn signed on John Pinholster as the project's design and construction manager. Farmer Baker Barrios Architects was tapped as the designer, and Brasfield & Gorrie LLC was named the general contractor.

For the retail component, Kuhn later sold 105,000 square feet of movie theater and retail space, as well as a portion of a parking garage to Unicorp National Developments Inc. for more than \$20 million.

Local leaders saw the project as the catalyst they needed to jump-start downtown Orlando's comeback.

"Having that project come to fruition made believers out of other investors," Orlando Mayor Buddy Dyer said in a November 2005 interview with Orlando Business Journal. "Once they saw I meant what I was saying, they were willing to invest in other downtown projects, so it had a catalytic effect for other projects."

Kuhn: Project healthy

Kuhn, in a recent interview with OBJ, says the project is in good financial shape.

Despite an additional \$12 million in construction costs, the project is three months ahead of schedule and he is \$200,000 off from his original pro forma.

Moreover, he says the residential units are sold out, the office space is 93 percent sold, and the retail is 90 percent leased.

At the Oct. 21 gala, Kuhn will give the city a \$14 million check as repayment on a loan he's paying off eight years early.

Here's how he's able to do that: He sold the daytime use of the parking easements in the parking garage, which allows him to open up those parking easements to provide public parking at night.

Morrie Sigel, president of Morrie A. Sigel Enterprises in Westport, Conn., who financed the parking garage, calls the idea "ingenious" and unprecedented.

"He was able to lower the capital cost, without selling off the property but still maintaining all those parking slots for use in the evening and without hurting cash flow."

From the outset, Kuhn says he wanted to encourage private ownership of PremiereTrade Plaza by Central Florida's citizens. Typically, such Class A properties are owned by REITs and institutions.

Few companies can afford to pay \$300 million for an entire building, but to several individual owners, the purchase price is much more palatable, Kuhn says.

Adds Cook: "It puts downtown ownership back in the hand of individuals and small businesses as opposed to an institution or just a handful of wealthy investors."

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PremiereTrade fast facts

- **Stories: 33**
- **Cost: \$160M**
- **Residences: 305 condos**
- **Offices: 400,000 SF**
- **Retail/restaurants: 105,000 SF**
- **Theaters: 12 screens**
- **Parking: 1,623 spots**

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