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# Flagler shops 12 million square feet in billion-dollar portfolio

Premium content from South Florida Business Journal by Oscar Pedro Musibay, Reporter

Date: Friday, October 28, 2011, 6:00am EDT

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[Fortress Investment Group](#) wants to sell about 12 million square feet of Flagler property in Florida, including marquee business parks such as Flagler Station, according to industry sources.

About half of the 12 million square feet is made up of office space, while the balance is industrial/distribution, according to the company's website. The property is in South Florida, Jacksonville, Orlando and other sites throughout Florida.

There is no raw land in the package, which Eastdil Secured is marketing for Coral Gables-based Flagler.

The company is a longtime key player in the state's development since it was founded in 1892 by [Henry Flagler](#), the railroad tycoon who opened Florida's East Coast to development. Flagler is also notable in South Florida for buying [Codina Group](#) from developer [Armando Codina](#).

The package would likely fetch more than \$1 billion, considering [Duke Realty Corp.](#)'s \$1.08 billion sale of 10.1 million square feet of suburban office holdings to [Blackstone Group](#), the world's largest private equity firm.

Flagler plans to continue focusing on developing its 5,000 acres of land throughout

the state, including 172,000 square feet of new Class A space slated for Flagler Station, according to several industry sources who asked not to be named. The undeveloped Beacon Countyline would also remain in the Flagler portfolio after a possible sale.

Flagler CEO [Vince Signorello](#) was not available for comment.

Although no raw land is in the Flagler package, the price paid could include an option to buy future developed sites, if the price is right, according to industry sources.

The assets being marketed were part of a more than \$460 million CMBS financing in 2009.

Many observers speculated that high-net-worth funds like Blackstone could be a prime candidate for buying the Flagler assets.

Marketing the properties as a package, instead of individually, limits the prospective buying pool to a much smaller group, sources said.

[CB Richard Ellis](#) Vice Chairman [Charles Foschini](#) said the appeal of the assets is partly based on future population growth in Florida and partly due to tourism and international trade, which is getting a boost from the expansion of the Panama Canal. The geographic concentration of the assets in Florida will be a consideration for prospective buyers that want to spread their risk across more states.

CBRE Vice Chairman [Chris Lee](#) said Flagler is known for developing exceptional assets, so it will get strong interest from the market.

[Jose Juncadella](#), whose Fairchild Partners is working with [KTR Capital Partners](#) to lease 336,000 square feet of new space to be built in Miami-Dade County's Airport West submarket, said marketing the entire portfolio as a package will make it easier to sell less desirable property in smaller markets.

"You can combine high-priced, low-cap product like Miami with other inferior packages," Juncadella said. "That's how it's being done all over the country."



[Gavin Campbell](#), managing partner of [Steelbridge Capital](#), said interest will be huge from the institutional market because there has been a lot of money on the sidelines waiting for the right opportunity.

Major changes have come to Flagler, including the merger of its construction and development divisions, and the expansion of its real estate services division to include retail and multifamily. The changes came in response to a market that still has little demand for new construction, specifically in the industrial and suburban office sectors, which have been the company's bread and butter for projects.

Signorello was promoted after late May exit of President and CEO [Jose Hevia](#), who

had run the Flagler’s construction division before helping the entire company.

Fortress also owns the [Florida East Coast Railway](#) , which plans an intermodal center on property it owns at the Hialeah Railyard next to [Miami International Airport](#) . The railroad property is not part of what is being shopped.

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