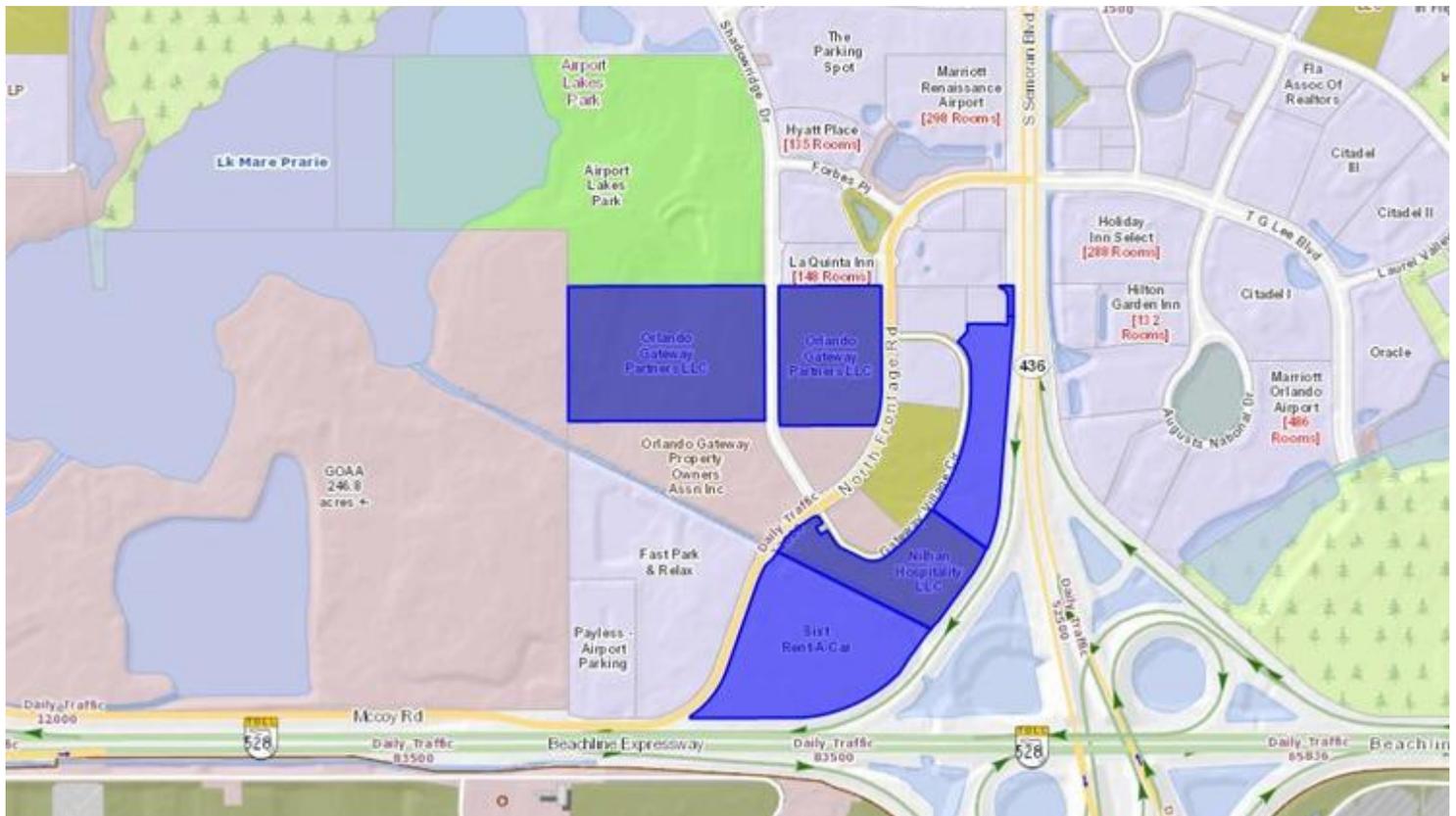


South Florida developer has 'Orlando Gateway' 64 acres near OIA under contract



Highlighted in blue are the six parcels totaling roughly 64 acres that are set to be acquired through an auction process, which lie west of Semoran Boulevard and north of the Beeline Expressway, north of Orlando International Airport. (Orange County Property Appraiser)



By **Bob Moser**
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Hollywood-based shopping center developer **JBL Asset Management** has 64 acres of the "Orlando Gateway" property north of Orlando International Airport under contract for \$23 million, and plans to hire local brokers to help market for hotel and multifamily use in the coming months, the company's managing partner told **GrowthSpotter**.

The property lies at the northwest corner of the Beachline Expressway (SR 528) and Semoran Boulevard (SR 436), and has been embroiled in a bankruptcy auction process for the past six months.

The six parcels included are a 10.75-acre vacant multifamily parcel east of Shadowridge Drive, a 20-acre vacant multifamily parcel west of Shadowridge, an 8.47-acre vacant commercial parcel, a 0.16-acre billboard site

facing Semoran Boulevard, a 7.27-acre commercial center with two 15,657-square-foot buildings that currently house Bonefish Grill, IHOP, Carrabba's Italian Grill and smaller retailers, and a 17.07-acre site partially occupied by SixT Rental Car.

"One of our strategies is to invest in major markets, and I think Orlando will continue to grow for years to come with all the investment coming to the airport expansion, Universal and Disney," JBL's Jacob Khotoveli said on Wednesday. "Our goal for this site is to complete the retail component of it, and be very strategic in how we approach the rest of the parcels."

JBL favors value-add retail center acquisitions, and currently has 13 properties nationwide, one of which is in South Florida.

First announced in late June, the bankruptcy auction followed a seven-year legal battle between land owner **Orlando Gateway Partners LLC** and its principal Chittranjan "Chuck" Thakkar, and developer **Carson Good**, a managing director of Jones Lang Lasalle's Capital Markets Group in Orlando.

Good won a \$14.5 million lawsuit in mid-2014 against Thakkar and his companies. The two partners have been battling in court over the property since 2009, the *Orlando Sentinel* [reported in July](#).

The property fell into Chapter 11 bankruptcy in June 2015, a recovery plan was attempted but not approved, and in February of this year it was converted to Chapter 7. Trustee Emerson Noble was appointed in February, who contracted **Ewald Auctions** to coordinate a sale.

"I've been a bankruptcy trustee for 13 years, and this is the most contentious case I've ever seen. There are two warring parties who've been adversaries in the court system for several years," Noble said. "If we can get at least the property sale closed, it will make my job easier by focusing on the other case issues."

A stalking horse offer of \$18 million was made in June by JBL which served as an auction floor. But after the first auction in August a judge didn't approve the sale, due to factors involving creditors and the bid procedure.

A second auction was scheduled, with another stalking horse offer of \$21.25 million set by JBL. The land was advertised through Sept. 21, an auction was set for Oct. 24, and JBL won the right to purchase with a \$23 million offer. A court hearing on Oct. 27 approved the sale, said Robert Ewald, president of Ewald Auctions.

JBL has secured the property with a 10 percent down payment, and is expected to close in the first week of December, Noble said.

Khotoveli said the 64-acre property is a "generational asset we want to own for many years to come, and want to fulfill the vision of the original developer."

"This is truly a gateway to Orlando, and with 35 million airport passengers coming through each year it's a strategic site," he said. "We'll take several months after we close to formulate a marketing campaign, and will

take it to ICSC in Las Vegas (in May 2017)."

Khotoveli believes there is a backlog of potential buyers for portions of the property that have shown interest in recent years, while it was frozen in litigation. He said he'll take a hands-on approach to the marketing, but will hire a local real estate brokerage in the coming months.

The existing commercial center is not fully leased out, he said, and will be an initial focus of landscaping enhancements to offer synergy with neighboring properties in the Orlando Gateway development.

"We're not sure if the approved multifamily parcels will be multifamily or not, I can't say anything outside that we will expand on the commercial there now, and everything else is subject to change," Khotoveli said. "My early vision for this would be to create a destination center around a full-service hotel, but we'll weigh all options."

JBL has the equity necessary to complete the \$23 million purchase, but is negotiating with lending institutions for potential financing, he said.

Multifamily demand in the airport submarket has drawn multiple developers this year. The Richman Group **has 20 acres under contract** on Corporate Centre Boulevard for 240 units, and LeCesse Development is planning **a second phase at Jubilee Park** of 312 units.

"Newer communities near the airport are doing well, so my thoughts are that the (Orlando Gateway) location will attract apartment developers," said **Cole Whitaker**, managing director with Berkadia Real Estate Advisors in Orlando.

A challenge in drawing multifamily developers may lie in the increasingly limited options for Tier 1 financing from commercial banks, said Susan Morris, principal and broker with **Resource Development Investment Properties**.

"Apartments are getting harder to fund as banks are running lower on their designated Tier 1 funds," she said. "We think there's demand for market rate apartments near the airport, if (JBL) gives someone the window of time necessary to make it happen."

Morris said she previously consulted a handful of multifamily developers about the property prior to its auction, who showed interest in a two- to three-phase buildout scenario, at the right price.

The 10.75-acre parcel, for example, was previously approved by the City of Orlando for 380 units in a dense layout of four-story buildings.

"If (JBL) is willing to sell a site for 250 units or more at \$20,000 to \$22,000 per unit, and give someone the eight to 10 months needed for site plan approval before closing, that could work," she said. "But (JBL) is buying the land at a retail value, and may seek a higher price than what the market is willing to offer."

Following a multifamily development path for the property could help drive demand for retail expansion, Morris added.

Proceeds from the land sale will go toward paying creditors on the property, with an array seeking compensation, the largest being Good. Back taxes to Orange County are likely the first to be paid, followed by an undisputed first mortgage of roughly \$6 million.

Have a tip about Central Florida development? Contact me at bmoser@growthspotter.com, (407) 420-5685 or [@bobmoser333](#). Follow GrowthSpotter on [Facebook](#), [Twitter](#) and [LinkedIn](#).

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