

RETAIL Developer sells West Kendall complex to Chicago investor

WOOLBRIGHT GETS \$95.25M FOR LONDON SQUARE CENTER

by Eric Kalis
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Woolbright Development, one of South Florida's most active builders during the real estate boom of the last decade, is now among the region's more aggressive sellers.

On Wednesday, WMD London Square, a Woolbright affiliate, sold the London Square retail and office complex in Miami-Dade's West Kendall neighborhood for \$95.25 million.

BVK London Square, an affiliate of Chicago-based RREEF, paid about \$318 per square foot, according to Miami-Dade property records.

The sale closed on Dec. 29.

Boca Raton-based Woolbright developed London Square in phases between 2008 and 2009. The property, at 13420-13580 SW 120th St., is composed of a 299,103-square-foot retail component and a 60,665-square-foot office building.

London Square is 99 percent leased, according to CB Richard Ellis, which represented Woolbright in the sale.

Retail tenants include T.J. Maxx, Ross Dress For Less and Party City. The University of Phoenix moved into the office portion of the complex on Jan. 1, according to CoStar Group.

Costco, the membership warehouse retailer, operates in a sepa-



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rate building within London Square that was not part of the transaction.

A Woolbright spokeswoman confirmed the sale but declined further comment.

The RREEF affiliate obtained a \$44.1 million loan from ING Real Estate Finance [USA] for the acquisition. RREEF is the real estate investment arm of Deutsche Bank's asset management unit.

RREEF vice president Anne-

Marie Vandenberg did not return phone calls seeking comment.

RREEF is a longtime investor in South Florida real estate. In May 2010, the company paid \$65 million for four buildings totaling about 679,000 square feet in the Weston Business Center in Broward County.

The London Square deal is the most expensive open-air shopping

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An ALM Publication DAILY BUSINESS REVIEW THURSDAY, JANUARY 6, 2011 dailybusinessreview.com A9

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LONDON SQUARE: Most expensive open-air transaction since 2008

center transaction in Florida since 2008, according to CB Richard Ellis senior vice president Casey Rosen, who represented Woolbright.

RREEF "was interested in a stable, core-quality investment involving excellent real estate, and London Square met that criteria," Rosen said in a written statement.

"The transaction solidly confirms that institutional capital has regained enough confidence in the market to make a major investment in Florida retail property."

Messages left for Rosen through a CB Richard Ellis spokeswoman were not returned.

RREEF was likely competing with a slew of potential buyers for London Square, said Alan Squenazi, a principal at Coral Gables-based Continental Real Estate Cos. familiar with the property.

"There was absolutely interest [in London Square] from any investment groups," said Squenazi, a retail specialist



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who was not directly involved in the London Square sale. "This is an exceptional sale price given the times. It shows retailers and investors recognize the strength of the Miami-Dade market."

DEALS, SUITS

Woolbright obtained a \$76 million construction loan from PNC Bank to build the center. No foreclosure action had been filed against Woolbright by the

bank, according to Miami-Dade County records

London Square was one of the strongest retail properties in Woolbright's portfolio and its sale underscores the developer's strategy of shedding assets following the economic downturn.

In June 2010, Woolbright transferred the deed to Sunshine Square, a Boynton Beach retail center, to an affiliate of Columbia, South Carolina-based Edens &

Avant in a \$26.5 million transaction.

The deal resolved a foreclosure suit Woolbright faced from KeyBank after the developer defaulted on the property's \$26.5 million loan.

London Square was cited in a 2009 lawsuit in which former executive Jonathan Porter accused Woolbright executives of forcing him to make fraudulent statements to equity partners and lenders about certain projects.

Woolbright denied all allegations, and the suit was settled in October 2009.

In September 2009, Woolbright cut its work force by more than 25 percent, eliminating 25 of 95 positions.

Instead of selling its distressed shopping centers at hefty discounts, Woolbright is focused on finding buyers for more secure properties like London Square, said Tom Godart, managing director of Godart Florida Real Estate Investments in Fort Lauderdale.

Godart, who was not involved

in the London Square deal, said he frequently discusses potential deals with Woolbright executives.

"Woolbright's play, which is true of a lot of players in similar situations, is to try to sell stabilized assets," Godart said. "They were really in the business of buying older centers

and getting value back in them. They were successful with that in the heyday of the market but got caught in the middle" of the economic collapse.

Woolbright, handled its own leasing and property management at London Square instead of hiring a third-party broker, will likely continue doing so even after the sale to RREEF, he said.

"They prefer selling to a more passive fund and continue managing and leasing the assets," Godart said.

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Godart