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## Brookhill Looks To 'Clean Up' In Brownfield Redevelopment



Brookhill's Fruitville Business Park represents an attractive ownership and development opportunity to the Brookhill Group's Charles Kramer (left) and Ronald Bruder (above)

BY MICHAEL BILLIG

SARASOTA, FL—Over the past few years, brownfields—environmentally-tainted parcels of property—have come to mean different things to different people. However, to Brookhill Redevelopment LLC as well as other far-sighted owner/developers, brownfields are translating into golden opportunities to make a difference as well as a profit.

For example, Brookhill's Fruitville Business Park—a stretch of some 84 acres (plus an on-site industrial-grade building) situated alongside Interstate 75, roughly five miles east of downtown Sarasota—has realized a turnaround in its fortunes in comparatively short order to become a veritable "win-win" proposition for all concerned.

The property in question, including an accompanying building, were purchased by Brookhill Redevelopment from Loral Corp. approximately two years ago at a cost of some \$10 million. Subsequently, responsibility for managing the site fell to Brookhill Management Co. (Both Brookhill Redevelopment and Brookhill Management are operating divisions of the New York City-based Brookhill Group.)

### Research And Development

Loral—an electronics company with ties to defense-contracting (including the building of "black boxes" for the aviation industry)—had utilized the site for a number of years for research and development as well as manufacturing purposes. Additionally, L3 Communications (a Loral subsidiary) is currently the location's most prominent tenant, courtesy of a six-year lease for approximately half the space in the existing 300,000-sf building.

According to Charles Kramer, executive vp for Brookhill Management, it was precisely the mantra of "location, location, location" that made the Fruitville site so

attractive. As he explained: "The City of Sarasota features four exits along I-75, with the Fruitville Exit being the northernmost one. Additionally, up until the time we purchased this parcel, most of the development in the immediate area was near the center of town [fed by traffic via the two middle exits]. As such, we were very fortunate to acquire this site before the local building boom caught up with it."

Kramer noted that Brookhill went into the Fruitville Business Park acquisition with its eyes wide open. After all, the parent company comprises more than a quarter-century of experience in development/redevelopment, starting out in the mid-70s with turnarounds of tired and under-tenanted—though non-contaminated—shopping sites. "We've always paid more attention to location than to physical condition," he said. "With us, it's always been a matter of what we can use, what we can save, and what we need to rebuild or replace."

"Our introduction to contaminated sites came about largely by accident, when we procured an otherwise-attractive site that was ultimately tainted by seepage from a nearby gas station," he said. As a result, the ensuing years of experience in this arena have taught Brookhill what to expect...as well as how to go about doing what needs to be done.

In the case of the Fruitville site and its 20-year-old, one-third-vacant industrial-type building, Brookhill realized it would take several million dollars to remediate the subsol contamination, primarily through the installation of pumps and wells to treat the tainted groundwater. Additionally, redevelopment of the site would also entail numerous meetings with local, state and federal officials regarding traffic studies, environmental impact, and overall compliance with mandated clean-up standards.

"Though it usually doesn't take much longer to redevelop a brownfield,"

Kramer said, "it's a more intensive—and definitely a more expensive—process. For one thing," he added, "remediation and redevelopment of a brownfield is not something one can normally do alone; it often calls for the retention of top-level outside professionals such as attorneys familiar with local [in this instance, Florida] requirements in order to guarantee compliance."

### Getting The Word Out

"It's also vitally important to have top-flight promotion and marketing professionals on-hand to help get word of the clean-up out to the surrounding community," he said.

Along these lines, Kramer said: "Many brokers know we're always looking for attractive sites and opportunistic deals across the country, and this one came our way when one of Cushman & Wakefield's Florida-based real estate professionals made contact with another of that

company's representatives working out of New Jersey who was aware of our interest in this type of property."

Of course, the value of an effective commercial real estate broker working on one's behalf extends beyond the property divestiture-and-acquisition function. Following the purchase of Fruitville Business Park, Brookhill retained CB Richard Ellis to operate in what amounted to a dual role: to oversee progress of the site clean-up and building revitalization as well as to line up prospective tenants for the newly refurbished space still available in the existing building. (In addition to L3, the County of Sarasota also occupies something in excess of 50,000 sf under terms of a two-year lease deal.)

The task of handling this site fell to sales associate Richard Kingan, who started working with the property nearly two years ago. Ultimately, the CB Richard Ellis broker was able to secure a high-profile tenant—Key Voice Technology, a wholly owned subsidiary

## Assessing The State Of Brownfield Redevelopment

What is a brownfield? Certainly, a workable definition was provided by Brookhill Group Chairman Ronald B. Bruder when he explained: "Brownfields, as designated by the U.S. Environmental Protection Agency, are those 450,000 sites that are either unused or under-used due to a real or perceived environmental condition."

Of course, Bruder himself doesn't think of these sites as "toxic wastelands." Rather, he calls such locations "environmentally challenged," and said one of the most important developments leading to their ultimate clean-up and re-use involved the federal government's move to transfer jurisdiction of more than 60% of the nation's such sites to the state level.

"This allowed remediation of these sites to move forward," Bruder said, "spurred by the recognition that the new owners of such sites would not be held liable as those causing the environmental problem[s]."

### Providing Incentive

In addition to allowing remediation standards to be set on a state-by-state basis, Bruder noted there are now often incentives, cost-breaks and tax credits going hand-in-hand with the redevelopment/re-use of such sites. "Sometimes the owners/developers realize these benefits; sometimes these benefits are passed along to the site's tenants instead," he said.

of Comdial Corp.— for some 45,000 sf of remodeled, updated office space at the Fruitville installation, representing both owner and tenant in the course of the ensuing negotiations. And, for good measure, Kingan claimed this lease deal “was the largest such transaction of the year in Sarasota County.”

Was it a “difficult sell” for Kingan to persuade a tenant of the advantages of the space? Not very much so, according to Kay Carter, executive vp for Key Voice. “We were well aware of the site’s environmental history, and it didn’t present much of a problem for us,” she said. “We were assured— and ultimately convinced— that the site’s environmental situation had been satisfactorily remedied.

“Besides,” Carter continued, “other factors were much more important to our decision-making process; factors such as the Fruitville site’s central location and convenient access to I-75 as well as to the local airport and other new development taking place throughout the area— commercial as well as residential. All told, this move will make it easier for us to recruit employees from a

wider area.

“Of course,” she added, “it also helped that this big-block space we will be moving into was most ‘competitively’ priced.”

Kingan explained the actions taken at the Fruitville location by noting: “While the remediation task was enormous, it was not particularly severe. As such, I was able to openly disclose everything about the site up-front without the slightest bit of hesitancy. And of course,” he added, “it is— above all else— a very prime location.”

As if to underscore this latter point, Kingan noted that Harley-Davidson is also planning to move into the area, with negotiations now wrapping up for one of Brookhill’s out-parcels. (Yet another “vote of confidence” in the satisfactory remediation of the area’s environmental concerns of the area would similarly seem to be current talks regarding a three-story, 110-room hotel at the Fruitville location, with Ritz-Carlton being mentioned by some well-placed sources as the likely operator of the property.)

It’s worth noting that this wouldn’t be the first hotel open and operating in the surround-

ing area. There is already a 100-room business/leisure property located just across I-75 from Brookhill’s Fruitville Business Park: the Holiday Inn Downtown By-the-Bay. Furthermore, the word from that hotel is that the property has been running “exceptionally strong occupancy levels all year,” serving the needs of “the most expensive county in Florida.”

Finally, aside from positive reports emanating from the owner/developer, leasing agent and tenants alike, the Fruitville site also warrants comment from those representing the interests of the local municipality. As such, Sarasota County Commissioner David R. Mills reported that Brookhill’s purchase, remediation and redevelopment of the business park “was a good move for the area in that it results in more jobs and greater tax revenues, while at the same time healing what had been a black eye for the region.”

That said, it comes as no surprise that Mills “actively encourages others to develop similar sites,” not only in Sarasota County but across the country. 