

2012

COMMERCIAL REAL ESTATE LANDSLIDE

Ground sales lead the list of top tumbling sales transactions.

— BY SEAN ROTH —

It has been said that there can't be success without failure, and this collection of properties shows the pain of that axiom. The following are the top five commercial real estate transactions that sold during the past year for at least \$10 million less than their last purchase price. The ranking is focused on true market sales, excluding partial parcels and debit transactions. Many of the new sales were preceded by a foreclosure or deed in lieu of foreclosure, but those transfers were excluded from the difference figure to better highlight the market value decline.

Land sales make up the majority of the list, taking four of the top seven spots, including No. 1. Two traditional enclosed malls, Seminole Mall and DeSoto Square Mall, also occupied two of the top rankings reflecting the declining market value compared with freestanding stores or big boxes.

1. Paradise Preserve

DIFFERENCE: -\$51.07 million

PRICE: \$3 million

PURCHASE DATE: March 16

PREVIOUS PRICE: \$54.07 million, May 2005

PROPERTY: 5968 Littlestone Court, 11115 Paradiso Blvd., 3911 Orange Grove Blvd., and a portion of Birkdale Avenue, north Fort Myers, and 1910 Del Prado Blvd. S., 829 S.E. 24th Ave. and 1905 S.E. 15th Place, Cape Coral

DETAILS: San Jose, Calif.-based real estate investment and development company Brandenburg Properties purchased the 470-acre Paradise Preserve property in north Fort Myers and Cape Coral. The 18-parcel property included the 240-acre former Lochmoor Country Club golf course, a 35-acre marina and the 194-acre Four Mile Cove property known as Paradise South.

BACKGROUND: In 2005, Paradise Preserve LLC acquired the property to develop three high-rise condominium buildings, a marina and an upscale golf course. But with the impact of the residential market crash, Paradise Preserve LLC never built the development and lost the property back to the Marshall Investments Corp. as part of a more than \$90 million foreclosure — the largest in Lee County history up to that point. A Marshall Investments' affiliate, MIC-Monte LLC, sold the property to Brandenburg Properties.

2. Seminole Mall

DIFFERENCE: -\$21.1 million

PRICE: \$14.6 million

PURCHASE DATE: Oct. 23

PREVIOUS PRICE: \$35.7 million, December 2006

PROPERTY: 7858 Seminole Blvd., 8100

113th St., 7858 11th St., a portion of 113th St., Seminole

DETAILS: West Palm Beach-based North American Development Group purchased the 424,192-square-foot Seminole Mall. The enclosed mall currently houses Bealls, Stein Mart and Ross.

BACKGROUND: The transaction was done as a short sale. Publix vacated the Pinellas County center years ago and a 120,000-square-foot K-Mart closed in October. The new owner is expected to improve the center in the near term and look to redevelop the valuable site sometime in the future.

3. DeSoto Square Mall

DIFFERENCE: -\$20.16 million

PRICE: \$24.6 million

PURCHASE DATE: Nov. 13

PREVIOUS PRICE: \$44.76 million, August 1997

PROPERTY: 303 U.S. 301 Blvd. W., Bradenton

DETAILS: Built in 1973 and last renovated in 1996, the 678,377-square-foot mall was 75.5% occupied at the time of the sale. Its anchors include Macy's, JCPenney and Sears, whose building is separately owned.

BACKGROUND: The traditional mall has faced a shifting retail marketplace from enclosed malls to big boxes, crime problems and the loss of one of its four main anchors, a 100,151-square-foot Dillard's. Many retail experts expect the new opportunistic buyer to redevelop a portion of the mall.

4. Estates at Entrada

DIFFERENCE: -\$18.65 million

PRICE: \$3.35 million

PURCHASE DATE: March 22

PREVIOUS PRICE: \$22 million, February 2006

PROPERTY: 16701 N. Cleveland Ave., North Fort Myers and additional land on a portion of U.S. 41 just south of Del Prado Boulevard, Cape Coral

DETAILS: Naples developer Paul Hardy and an undisclosed investor purchased the 292.91-acre Estates at Entrada property in Cape Coral. That property included a partially built road and entitlements for a mixed-used development of single- and multifamily units and associated commercial space. Hardy and his partner already own the adjacent Villages of Entrada property.

BACKGROUND: The seller, Entrada Estates LLC is an affiliate of Regions Bank, which acquired the property in February 2010 from earlier owner PGA Investment Holdings LLC.

5. Placida properties

DIFFERENCE: -\$16.74 million

PRICE: \$2.18 million

PURCHASE DATE: July 3

PREVIOUS PRICE: \$17.99 million, September 2005 and \$925,000, October 2006

PROPERTY: 8195 Placida Road, Placida and 2060 Gasparilla Drive, Englewood

DETAILS: Phillip Casey of Tampa purchased a 35.2-acre multifamily parcel and a separate 0.27-acre waterfront parcel with a boat ramp and dock. The larger, partially cleared parcel was previously planned for development as a 418-unit condominium project.

BACKGROUND: The prior developer lost the property to its lender, Wachovia Bank, now Wells Fargo, through a foreclosure in July 2010.