ECONOMIC INDICATORS: PAGE 24

Florida Real Estate Journal

October 1-15, 2006
Vol. 14, No. 12
$10.00

Inside

'Green' is good for Navarro Lowrey firm

SOUTH FLORIDA

By Robert Pitts
Florida Real Estate Journal

WEST PALM BEACH — Following a humble start in 1993, full-service real estate firm Navarro Lowrey has become a rather sophisticated provider of commercial space. The company's services include development of speculative and build-to-suit office and industrial space, as well as building acquisitions and leasing and management for their own account.

The Navarro Lowrey portfolio now encompasses 14 buildings, including the development and continued management of West Palm Beach's Centrepark office district. The 41-acre Centrepark and 28-acre Centrepark West are home base to more than 3,000 employees and over 100 companies, including the Commerce Bank headquarters, Progressive Insurance, Allstate and Florida Crystals.


Frank Navarro

The office district also offers a Courtyard by Marriott and a four-story, 104-room, Hampton Inn. A 100-room Hilton Garden Inn is under construction. Navarro Lowrey's portfolio extends to the western United States to include the Cameron Creek Business Park in Austin, Texas, and properties throughout Avon and Vail, Colo.

More stories, Page 10


Navarro Lowrey's 100,000sf EcoPlex at Centrepark West is the result of the company's Green Initiative. The firm is also launching a capital investment drive.

In 2005, Navarro Lowrey launched its Green Initiative, dedicated to constructing high-performance, energy-efficient, "green" office buildings. The initiative's flagship property is EcoPlex at Centrepark West, a $20 million, four-story, 100,000sf Class A office building that will be the first multitenant "green" office building in Palm Beach County. Navarro Lowrey, which currently resides in Centrepark, will relocate into EcoPlex when it is completed in the fourth quarter of 2007 and handle all management and leasing.

The company is now considering development at its two remaining land parcels and is beginning to examine new land acquisition opportunities. In addition, the company recently launched capital investment activities, including equity joint ventures and mezzanine debt financing.

Florida Real Estate Journal recently spoke with Navarro Lowrey cofounder Frank Navarro about the company and its future prospects.

FREJ: How did you and James Lowrey come together to form the company? What is the story?

Navarro: He was actually an architectural client of mine. I had practiced architecture in West Palm Beach from the mid-'80s to the early '90s. I had worked on a couple of big homes

■ See NAVARRO LOWREY, Page 26

GUEST COLUMN

Development strategy can mitigate fees' impact

By David Sacks
Pathman Lewis

It has been widely reported that the current business environment facing land developers is growing more costly. Macroeconomic indicators such as increasing costs for building materials and labor, as well as a decreased demand for product, are reducing profit margins for developers nationally and throughout Florida.

Similarly, local municipalities are faced with the growing burden associated with development, including the need for certain types of public infrastructure that impact a local community. As part of the development process, local governments charge developers impact fees.


David Sacks

However, these impact fees have been increasing in recent years. Indeed, it has been reported that several South Florida municipalities will see a jump of more than 300% in impact fees for some new projects. While impact fees are not a new concept, increases are providing a new cost obstacle that many developers may not have accounted for. Additionally, changing market demand may prevent developers from passing on these increases to real estate consumers. What can developers do?

Impact fees and land development regulations

Developers and their legal counsel should forecast the cost of their impact fees as early in the development process as possible. This can be as early as the negotiation of the purchase contract for the land on which the development will be situated. Developers usually have a "vision" of what the eventual project will be.

Typically, impact fees for either commercial or residential projects are based on total square footage or the number of units for any given project. Once this is identified, a review of the local government land development regulations should be conducted. These regulations usually contain a formula for calculating impact fees based on these variables.

Here's where developers can find relief. Once the impact fee is forecast, the local land development regulations should then be reviewed for exemptions, waivers or reductions of impact

■ See IMPACT FEES, Page 28

Seymour: Flexibility top priority for corporate real estate clients

CORPORATE REAL ESTATE

By Bridget McCrea
Florida Real Estate Journal

With Florida ranking high on the national scale for job growth, corporate real estate is a hot area. Corporate users in search of low labor costs, affable lease rates and robust infrastructures are turning to areas like Tampa, Jacksonville and Orlando when expanding existing companies or starting new ones.

More stories, Page 21

Corporate real estate specialist Dolores Seymour, managing director of industrial services at Colliers Arnold in Tampa, has been working with them for over 25 years, and along the way she has seen many shifts and new trends in that sector of the real estate market.

Seymour, who is also past president of CoreNet Global's Tampa Bay Chapter and current board member for the group, shared her insights on the market and discussed strategies that service providers can use when working with corporate real estate clients:

FREJ: What's new in corporate real estate right now?


Dolores Seymour

Seymour: We're seeing a better integration of the real estate function with the other departments it affects, such as risk management and human resources. Those departments are being folded into the corporate strategic goals. We're also seeing increased demand for flexibility from corporate real estate executives, and accommodations by developers along those lines. This is being driven by the fact that companies can't always forecast accurately and predict the market shifts or strategic changes. And while flexibility costs, accommodations are being made on both sides. So while developers are answering client demands, the clients who are using lease-termination options, for example, are paying for them.

What other key trends are you seeing in Florida?

What's going on in Florida's corporate real estate market reflects the rest of the country. For starters, budgets are getting increasingly more difficult to meet due to insurance cost hikes and the rising costs of construction materials. Large companies can self-insure, and we're playing back into the issue of risk management that corporate real estate is also involved with. Rising insurance costs are a crisis across the country, and corporate real estate executives have to face this too.

In the Tampa Bay area, CREs are having a particularly hard time meeting

■ See SEYMOUR, Page 28