

Exclusive: Inside the \$59.6 million sale of Rivergate Tower

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Unlike the other downtown Tampa office towers that have sold in recent months, the \$59.6 million sale of Rivergate Tower had nothing to do with an improving market.

Instead, In-Rel Properties Inc. sold the building as part of a 19-property portfolio. The main reason for selling, CEO Mukang Cho said, was that the In-Rel founding principals and their investors were looking to sell off their real estate holdings as part of their estate planning.

New York-based Mount Kellett Capital Management paid \$59.6 million for the tower, according to Hillsborough County public records. That price, Cho said, represents an allocation within the portfolio, and he could not speak to what the tower might have sold for in an individual transaction.



Rivergate Tower — known locally as the "beer can building," in a nod to its cylindrical shape — has struggled to attract and retain tenants. But under In-Rel, the building's occupancy grew to more than 80 percent. Many see the round floor plates as inefficient, especially when tenants need to divide the floors, but Cho said that isn't the case.

Part of In-Rel's success with the building, he said, was due to "educating the marketplace." "In most cases we are able to deliver a solution for prospective tenants in less space than they had in their previous location," he said. "It is a bit of a misnomer that the roundness of the building leads to inefficiency."

Cho has formed Morning Calm Management, and the majority of In-Rel employees now work for Morning Calm. An affiliate of Morning Calm retains a share of the ownership of the portfolio, including Rivergate Tower.

Morning Calm also manages the properties in the In-Rel portfolio — meaning that day-to-day operations for tenants won't change.

Nor will the arrangement with nonprofit tenants like Tampa Bay WaVE or the Florida Museum of Photographic Arts, which pay below-market rent.

"The change in ownership will not impact our assessment of any single tenant," Cho said. "It's going to be purely driven by market fundamentals, above anything."

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