

EXCLUSIVE: Downtown Tampa's iconic Rivergate Tower sold

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Rivergate Tower, downtown Tampa's cylindrical skyscraper, has been sold to a Miami real estate investment firm.

Banyan Street Capital paid \$70 million for the iconic office tower, which had been purchased as part of a 19-property portfolio by Mount Kellett Capital Management in late 2014. It is not uncommon for properties to be sold off individually after a group buys a large portfolio.



The sales price breaks down to \$135 per square foot. The 515,965-square-foot tower is 80 percent occupied, and major tenants include Sykes Enterprises, Butler Weihmuller Katz Craig, Wilson Human Capital, Digital Hands and Northstar Bank.

A team of brokers from CBRE Group Inc., including Christian Lee, Dale Peterson, Charles Foschini, Chris Apone, Jose Lobon and Marcos Minaya, represented Mount Kellett in the transaction.

Marketing the tower was fraught with drama. Tampa businessman Tom Frederick bid \$60 million on the tower in April and then upped his bid to \$70 million, telling the *Tampa Bay Business Journal* that he "wasn't getting much of a response" from CBRE.

Banyan was selected because of the group's "financial strength, pricing and ability to perform," said Peterson, a senior vice president with CBRE in Tampa.

"Banyan been one of the most active office investment groups in the Southeast," Peterson said. "CBRE has done a number of transactions with them, and this firm and the seller felt very comfortable moving forward."

TBBJ first reported in March that CBRE was marketing the property.

Banyan is planning to invest in the tower, upgrading the restroom and common areas, among other improvements. Rents in Rivergate Tower — which start at \$23 per square foot — are below other prime office towers in downtown Tampa. But with the capital investment and the opening of the Tampa Riverwalk, Peterson said Banyan should be able to raise rents.

"It's the only office tower on the Riverwalk," he said. "The Riverwalk, in my opinion, is one of the single biggest game-changers in downtown Tampa, because it brings the urban core out to the waterfront."

Peterson said there was strong investor interest in the tower.

"People are focused on this in-bound migration of new residential and retail and new millennial population coming into urban cores across the country," he said. "It was a heated process, and we're happy to get it across the finish line."

When the tower sold in 2014, its allocated price in the portfolio deal was \$59.6 million, according to Hillsborough County property records.

The previous owner, In-Rel Properties Inc., had invested millions in renovating and rebranding the tower after buying it for a rock-bottom price of \$22 million in 2011.

The tower was sold in late 2014 because In-Rel's founding principals and their investors were looking to sell off their real estate holdings as part of their estate planning. Mukang Cho, the former CEO of In-Rel, formed Morning Calm Management. An affiliate of Morning Calm retained a share of the ownership of the portfolio, including Rivergate Tower.

http://www.bizjournals.com/tampabay/news/2015/08/06/exclusive-downtown-tampas-iconic-rivergate-tower.html?ana=e_tbay_bn_breakingnews&u=txOErgPNTYSV48oEDpCtqT8uEcu&t=143894513
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