

**Development:** Orange Station at the Edge  
**Developer:** Edge Central Development Partners, LLC  
**address:** 1300 1st Ave N, St. Petersburg  
**Type:** Mixed Use with Office  
**Total Square Footage:** 50,000 Class A Office  
**Total Development Costs:** \$80M /\$16.3M  
 (Total Development) / (Office Only)  
**Cost per SF:** \$326.84  
**ESP Request:** \$3,000,000  
**Per SF subsidy:** \$60.00  
**ESP Criteria Score:** 98



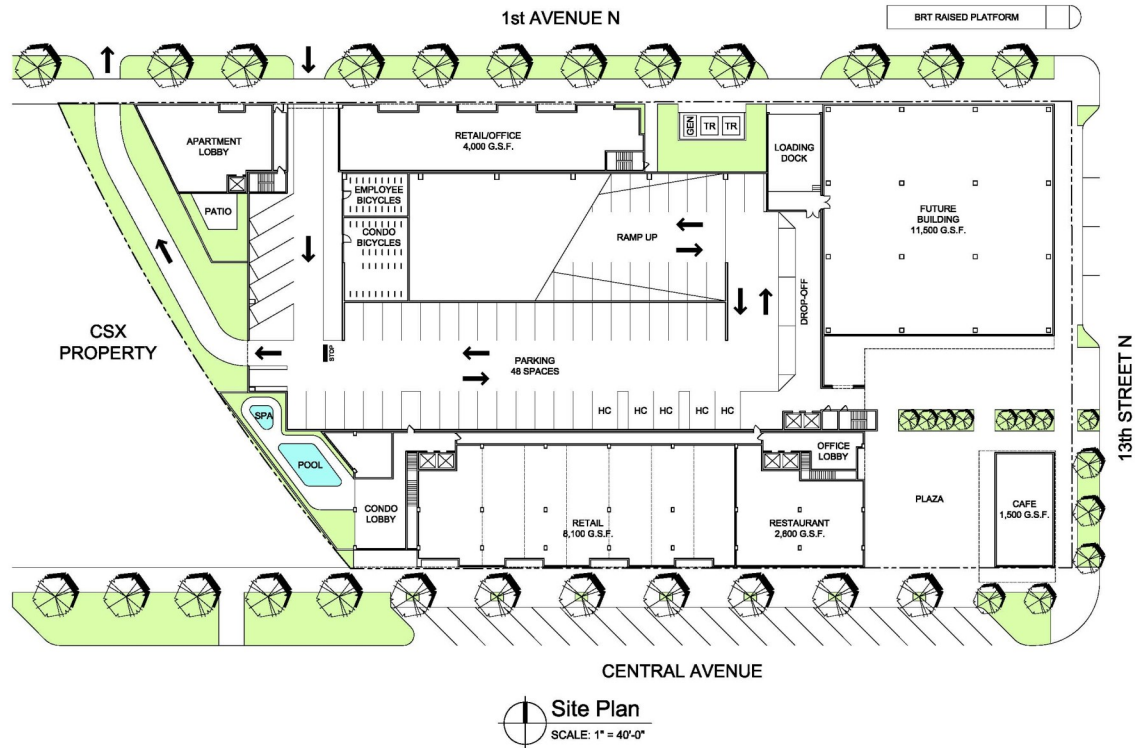
**Summary:** ESP application 45301, Orange Station at the Edge, is located on a single parcel on which the building was previously occupied by the St. Petersburg Police headquarters. The existing building will be demolished and redeveloped with 5 separate buildings in 2 phases. Phase 1 includes 50,000 (rentable) square feet of office, 61 condominium units and approximately 10,000 square feet of retail space in one building (the "mixed-use" building); and in separate buildings are a 600 space parking garage (with another 4,000 square feet of ground floor retail space) and 42 units of Workforce rental apartments. Phase 2 proposes development of 11,500 square feet into either an office building, or a boutique hotel.

The office space will be located on four levels (2-5) of a "mixed-use" building. The first level of the building will be retail and levels 6-16 will be residential condominium units. The office portion of the structure will be Type 1A construction as Class A office and will be LEED Certified. Floor plates will be 13,500 square feet. (55,000 gross square feet and 50,000 square feet of rentable area) with a ceiling height of 12' 4" top of slab to bottom of slab.

Various factors contribute to the high relative cost of development of new office space in downtown St. Petersburg including high land costs (escalated by the strong demand for luxury multifamily housing), required demolition and asbestos remediation of existing buildings, structured parking, undergrounding utilities and stormwater along with high construction costs. Full service market lease rates in downtown St. Petersburg are at \$35.00 per rentable square foot, after deducting anticipated operating expenses of \$10.50 per square foot, this produces a net rental rate of \$24.50 per square foot for this new office space. The \$3 million request is based on the total project development costs of \$16.3 million or \$326 per square foot, meaning the return on unleveraged (total) investment upon completion will be 6.85%. The value of leased and stabilized Class A multitenant office buildings is currently in the 6.75%-7.0% capitalization rate range, meaning there is no value creation for the Developer and equity investors unless they can reduce project costs.

**Target Industry Linkage:** The Orange Station project is the first speculative office space to be delivered in downtown St. Petersburg in 25 years in a market with currently only a 5% vacancy rate in Class A office space. Though the end user is not secured at this time, the development and leasing teams are targeting the target industries identified in city and county plans and the space can accommodate an estimated 260 positions.

**Development Team:** J Square Developers and DDA Development will share the development responsibility for the project. Other partners include Backstreet Capital LLC of St. Petersburg, Place Architecture, and Cushman and Wakefield for office leasing and marketing.



**City of St. Petersburg Contributions:** The applicant has provided the following information on contributions that they have received from the City and the CRA.

- ◆ Workforce Housing Loan approved \$2,000,000
- ◆ TIF for public parking spaces granted to underwrite 400 of the 600 spaces \$8,000,000
- ◆ Demolition grant \$450,000

The project is located within the Intown West CRA, but it no longer receives county TIF funds.

**Staff Recommendation:** Funding approval. This project aligns with the overarching goals of the program to assist the private sector in developing new space for target industries. The project is located in an Urban Activity Center and within a Target Employment Center overlay. It provides the County with new office space that is expected to be quickly absorbed due to the low vacancy rates within office structures at this time.