

Fund Buys Winter Garden Business Park for \$6M

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Winter Garden

ORLANDO- The Adler Real Estate Fund I, a closed-end discretionary fund, purchased its first property, the 92,000-square-foot Winter Garden Business Park, an eight-building office park in the Orlando suburb of Winter Garden. The price for the three-year-old property, an REO, was \$6.2 million, including closing costs.

The original developer of the Winter Garden Business Park lost it when he was unable to pay on a construction loan, says Matthew L. Adler, chief executive officer of the Adler Fund, which is based in Miami. He declined to give the name of the lender.

While the developer of the Winter Garden property was successful enough to get the occupancy of the park up to 78%, says Adler, by the time the project was finished, times had changed. "The new rents were lower (than those in the pro forma) and the cap rate was higher, so the value of the project was less than the loan amount," he says.

The business park is a single story flex/ office/warehouse project. Among the tenants are Total Renal Care and Home Team Pest Defense, a pest control company. The average tenant occupies 3,000 to 4,000 square feet.

Adler says that the Adler Fund is looking for other, multi-tenant, retail and office properties in the Southeast. "I view this (period) as an historic opportunity to buy performing properties which can yield returns north of 9% that are sustainable," he says.

In April, the Adler Real Estate Fund I closed on just under \$12 million in capital. The final goal for the fund is to raise \$20 million to \$25 million, says Adler. Plus, the fund is seeking co-investment, he says. The Adler Fund has a two-year investment period which ends in the first quarter of 2012.

For the Winter Garden property, the fund contributed 40% of the equity and a local private investor put in 60% of the equity, says Adler. In addition, there is a loan with a 60% loan-to-value on the property from the First Bank of Miami, he says.

The asking rental rate at the Winter Park property is about \$7 per square foot triple net, but that varies depending on the size of the space, says Adler.

Currently, the Adler Group, a full-service real estate company, has property in South Florida, Tampa, Orlando, Ft. Myers and Norfolk which it owns and/or manages. Over the course of the company's history, it has developed and acquired 14 million square feet of industrial, office, retail and residential real estate. Today, its portfolio consists primarily of multi-tenant industrial and office properties.