

WINTER PARK VILLAGE

ULI Case Study # C036024

October - December 2006

PROJECT TYPE

Winter Park Village is a 525,000-square-foot (48,773-square-meter) mixed-use lifestyle center located on the site of a failed regional shopping mall in Winter Park, Florida, an affluent older suburb of Orlando. The project, which is home to a lineup of high-end national retailers and restaurants, features 350,000 square feet (32,515 square meters) of retail space, including a 20-screen cinema; 115,000 square feet (10,684 square meters) of offices; and 52 loft apartments. The planners' and developer's primary objective for this redevelopment project was to establish an urban sense of place where a typical 1960s-era shopping mall had been. As of December 2006 Winter Park Village continues to evolve, with structured parking and additional residential, retail, and office developments in the works.

LOCATION

Inner Suburban

SITE SIZE

40 acres/16 hectares

LAND USES

Mixed Use—Three Uses or More, Lifestyle Center, Retail, Office Building(s), Multifamily Rental Housing, Loft Housing, Open Space, Cinema

KEYWORDS/SPECIAL FEATURES

- Greyfield
- Adaptive Use
- Renovation
- Traditional Neighborhood Development
- Pedestrian-Friendly Design
- Open-Air Center
- Infill Development

DEVELOPER

Casto Lifestyle Properties
Sarasota, Florida
941-552-2700
www.castolp.com

ARCHITECT

Dorsky Hodgson + Partners (now Dorsky Hodgson Parrish Yue)
Fort Lauderdale, Florida
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PLANNER

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Coral Gables, Florida
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WINTER PARK VILLAGE, page 2 of 12**GENERAL DESCRIPTION**

Winter Park Village is a 525,000-square-foot (48,773-square-meter) mixed-use lifestyle center located on the site of a failed regional shopping mall in Winter Park, Florida, an affluent Orlando suburb. The project—home to a lineup of high-end national retailers such as Ann Taylor, Coldwater Creek, Joseph A. Bank, Borders and Ulta—features 350,000 square feet (32,515 square meters) of retail space, 115,000 square feet (10,684 square meters) of offices and 52 loft apartments, all anchored by entertainment offerings that include a 20-screen cinema and a wide range of national and local restaurants such as P.F. Chang’s China Bistro, Cheesecake Factory and Beluga. The development team’s primary objective for this project was to establish an urban sense of place in what had been a typical 1960s-era enclosed shopping mall set in a sea of asphalt.

The project was developed and is managed by Casto Lifestyle Properties, a Sarasota, Florida-based affiliate of Casto, a full-service commercial real estate company founded in Columbus, Ohio, by Don M. Casto, Sr., in 1926. In the late 1990s, Casto formed a relationship with Florida-based consultant Brett Hutchens (who had previously developed more than 25 strip centers) that led to the creation of Casto Southeast during the late 1990s. Hutchens became president and chief executive of the company, which later was renamed Casto Lifestyle Properties. Today, the firm focuses on the development of mixed-use lifestyle centers in high-growth areas, primarily in Florida and the Carolinas. Winter Park Village is its first such project.

THE SITE

An entire generation of regional malls and strip centers throughout the United States is in decline. Because of their locations within largely built-out communities, many of these obsolete “greyfield”

properties are logical choices for redevelopment. Winter Park Mall, owned by Commercial Centers Management, was one such property. Located in a suburb a few miles north of Orlando, the 400,000-square-foot (37,160-square-meter) mall was hailed as a symbol of progress when it was built in the 1960s. Designed to compete directly with nearby Park Avenue, Winter Park’s traditional main street, it was a typical inward-focused regional mall—and one of the nation’s first air-conditioned malls—surrounded by surface parking. The mall did well for several decades, but steadily lost tenants and customers during the 1980s and early 1990s as newer, more attractive malls opened nearby and Park Avenue maintained its vitality. Winter Park Mall’s occupancy rate eventually fell to 30 percent. By the time redevelopment commenced, only the 120,000-square-foot (11,148-square-meter) Dillard’s department store remained open within the mall structure.

The 40-acre (16-hectare) site is bounded by Orlando Boulevard on the west, Webster Avenue on the north, Denning Drive on the east, and Canton Avenue on the south, but also includes 4.5 acres (1.8 hectares) located across Canton Avenue from the main site. Surrounding land uses include strip retail centers, suburban office buildings, other commercial structures and both single-family homes and low-rise apartment buildings.



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PLANNING AND DESIGN

In 1996, Vadim Nikitine, president of Commercial Centers Management, which owns and operates shopping malls in Puerto Rico and Orlando, interviewed several development firms in hopes of finding one to redevelop the Winter Park Mall site. Nikitine and Brett Hutchens met that fall and soon after struck a joint venture agreement. At that point most of the mall was vacant. However, the property comprised three ground leases plus a fee-simple parcel, so the acquisition process was quite complicated.

After completing the acquisition, Casto was ready to start the planning process. The firm began with a plan for what Hutchens describes as “essentially a souped-up strip center” set within the footprint of the original mall. But when Hutchens took the plan to the city of Winter Park for approval, he met with an icy reception. Donald Martin, the director of city planning, envisioned something different: a new urbanist, mixed-use project that would create a sense of place and transform the site into an urban village. Martin also pushed for a project that would complement, rather than compete with, downtown Winter Park and the recently renovated Park Avenue. After reviewing and rejecting Casto’s initial plan, the city hired Coral Gables, Florida-based planners Dover, Kohl & Partners (Dover Kohl) to adapt Casto’s plan and show the developer what could be done on the site. Hutchens, seeing the opportunities the revised concept design offered, bought into the new urbanist ideas.

By 1997, a consultant team composed of staff from Dover Kohl; Glatting Jackson, et al.; and Gibbs Planning Group, working with Casto and architects Dorsky Hodgson + Partners through a charrette process, had devised a plan for the site’s redevelopment. The plan featured a pedestrian-

scale streetscape, with mostly two-story buildings aligned along a main street and several secondary streets, many of which tie into the city’s existing street grid. The project’s street system restores the street grid that had been in place before the 1950s, when planning for the original mall began. Street widths and lengths were kept narrow and short, and the roads were “jogged” in several places to slow traffic and improve the pedestrian experience. Parallel parking along the streets adds to the project’s urban feel, although most parking is located in large lots between buildings and at the development’s edges. Private streets with sidewalks connect the interior of Winter Park Village with the surrounding area, making it possible for neighborhood residents to walk to it.

While planners originally hoped to include a substantial amount of public green space, this gradually got eaten away during the design process, and the remaining space—while attractive—is fairly small (roughly 35 by 220 feet, or 11 by 67 meters). This green space does, however, offer grass, trees, benches, and a fountain, allowing shoppers to rest as well as providing a small gathering place for the community. Landscaping and benches are scattered throughout Winter Park Village, and Hutchens plans to add another green space in a future development phase. If the project were being started today, he notes, he would include either a series of pocket parks or a rotary with a large, public space at its center.

Hutchens, Martin and other members of the planning team all agree that the site plan would have been very different had Dillard’s announced its plans to leave earlier. (The store remained open throughout the planning process before failing to renew its lease on January 31, 1999.) Hutchens and others say that the structure would have been

WINTER PARK VILLAGE, page 4 of 12**PLANNING AND DESIGN, continued**

demolished with the rest of the mall, the movie theater would have been built on the site of the Dillard's building and the axis of the main street—as well as the location of other streets and structures—would have been entirely different. Because the entire plan had been designed around the Dillard's structure having to remain in place, the plan kept that building as ground-floor retail space and called for the redevelopment of the department store's second floor as residential space. While one of the early plans explored the possibility of putting four 11,000-square-foot (1,022-square-meter) luxury condominiums on an added third floor—structural tests indicated that the building could support another two stories—the development team ultimately decided to limit the initial residential efforts.

Winter Park Village's architecture was designed to differentiate the lifestyle center from downtown and Park Avenue and to complement that of the surrounding area. Most important, according to Arnold Gitten, an architect with Dorsky Hodgson at the time, Winter Park Village was designed to the scale of the community, to make it look like it truly belongs there. According to Hutchens, when making decisions about architectural styles, Casto “tries to respond to local tastes and doesn't push the envelope.” Because a new urbanist, mixed-use lifestyle center was an untested concept in this market, the developer did not want to overspend on architecture and relied primarily on textured concrete block bases, simple faux stucco facades in neutral tropical tones, with contrasting canvas awnings in dark blue, green, burgundy and black. In future phases, however, Hutchens expects the design to move toward an edgier, more contemporary look, where appropriate.

**APPROVALS**

Because the site was blighted and is located within a community development area, the project was eligible for funding from the city of Winter Park. Yet Casto and the city agreed not to pursue a public/private partnership. Although the original plan called for both residential development and structured parking, Casto took those elements out of the plan so that it would not need public funding. The project faced little opposition, in part because no public funds were being used. Although there was some concern within the community that redeveloping the mall site would have a negative impact on Park Avenue, people also wanted something positive to be done with the dilapidated property. The city clearly wanted the project to happen, and municipal staff made sure that minor zoning issues did not become barriers to development. No rezoning was needed; the project fell within the city's standard C-1 zoning with a simple alteration to the floor/area ratio.

WINTER PARK VILLAGE, *page 5 of 12***FINANCING AND
DEVELOPMENT PROCESS**

Winter Park Village is owned by a joint venture partnership of Casto Lifestyle Properties, JPMorgan, and Nikitine. The project was developed with use of conventional private financing. Casto invested \$2 million in predevelopment expenses before obtaining a \$53 million construction loan from Huntington Bank of Columbus, Ohio; Teachers Insurance and Annuity Association (TIAA) also provided a permanent loan of \$63 million. The major portion of the project is on a ground lease that expires in 2018. TIAA required Casto to escrow the funds to exercise a purchase option at the expiration of the ground lease term, but Casto now intends to accelerate the purchase option in order to facilitate the conversion of the existing apartments to condominiums, if and when appropriate.

Demolition of the mall structure began in June 1997 and was completed that November. Because the Dillard's department store remained open, Casto had to spend more than \$400,000 replacing the chiller system (which had been located in the mall structure) with a new system located atop the Dillard's building.

The mall site was causing surface water drainage problems, since untreated water was draining from the site into nearby Lake Killarney to the west. After studying the problem, Casto decided to raise the entire site 18 inches (46 centimeters) to stop the water from draining to the west and installed an underground exfiltration system that treats stormwater on site. This clean water now drains into another, smaller lake south of Winter Park Village. By thus mitigating the city's water problems, Casto avoided having to use a portion of the site as a stormwater retention area.

The first development phase consisted of the buildings at the northern edge of the site—Borders and Ruth's Chris Steakhouse—followed by those along Main Street, including several small, freestanding buildings at the Orlando Avenue entrance housing P.F. Chang's, Wolf Camera, Ann Taylor and Visionworks, as well as the larger, two-story structures on either side of Main Street with ground-floor retail and office space above. The cinema structure (which grew from 16 screens in the initial plan to 20 screens in its final version) was built next, followed by the grocery store. The project's initial phases—particularly the restaurants, including P.F. Chang's and Brio Tuscan Grille—met with tremendous success and attracted more people to the project than initially expected.

Surprised by the high demand for office space, Casto revised its original plan for the site south of Canton, which had called for retail development, and replaced it with a 40,000-square-foot (3,716-square-meter) office building, which it quickly leased to two tenants, Progressive Insurance and a regional law firm. The only retail structure on that part of the site is a small Albertson's liquor store, which is connected to the supermarket across the street by an underground pneumatic tube system, so that money can be stored more securely in the larger store.



WINTER PARK VILLAGE, page 6 of 12**FINANCING AND DEVELOPMENT PROCESS, continued**

Casto subcontracted the residential development to local developer Eric Kovar, who converted the second floor of the Dillard's department store structure into "the Lofts," 52 industrial-style loft apartments. Renovating the large, formerly single-use building was not a simple task. There was an eight-inch (20-centimeter) slab between the building's two floors and the ground-floor restaurant tenant (Cheesecake Factory) specified that the residential developer could not penetrate that slab. Contractors therefore had to install a false floor to house plumbing and other utilities on top of the slab.



Because the former Dillard's building has a large (60,000-square-foot/5,574-square-meter) footprint and the individual apartments are relatively small, some units have no outside exposure. To bring natural light into these units, the developers cut large holes in the roof and installed light tunnels that bring light into both the interior units and their indoor "patios," private, gated spaces located at the center of the building. Outward-facing units feature balconies with high walls for privacy. High (18.5-foot/5.6-meter) ceilings make the 800- to 900-square-foot (74- to 84-square-meter) apartments feel larger than they actually are. A large, raised platform in each unit provides an open bedroom area and creates a substantial amount of storage

space below. Residents have 47 reserved parking spaces located in a gated lot in front of the building. Hutchens notes that constructing a parking structure—ideally in one of the large lots to the north and east of the Cheesecake Factory/Lofts building—will allow Casto to improve the streetscape by extending East Avenue directly in front of the building and better connecting it to the grid system, as well as provide parking for residents and office workers.

In summer 2006, Casto purchased from the state 4.8 acres (1.9 hectares) at the southeast edge of the Winter Park Village site formerly occupied by the Florida Bureau of Motor Vehicles and completed the city approval process to build 141 condominiums and a 314-space garage there. Casto also plans to construct another retail building and a parking structure on the main site and expects to buy out the apartment owners and convert the apartments to condominiums.

MARKETING, TENANTS AND MANAGEMENT

Rather than competing with Park Avenue, Winter Park Village's goal was to complement that popular shopping street's offerings by focusing on entertainment. By doing so, it also filled a hole in the north Orlando market. The metropolitan area's two major entertainment magnets—Downtown Disney and Universal CityWalk—are both located south of the city and residents of Orlando's northern suburbs were looking for dining and movie venues closer to home. As the first lifestyle center in central Florida, Winter Park Village captures shoppers from a wide trade area and set the stage for several other lifestyle centers that have been built since it was completed.

WINTER PARK VILLAGE, *page 7 of 12***MARKETING, TENANTS AND MANAGEMENT**, *continued*

Creating the right tenant balance is essential in a lifestyle center. Entertainment uses like cinemas and restaurants attract visitors during the evening hours, while offices and most retail uses generate daytime visits. Hutchens believes that providing the right balance of dining venues is crucial, since he sees restaurants as the true anchors of lifestyle centers. Winter Park Village, by design, has no fast-food outlets; its eateries range from cafés offering al fresco and indoor seating to “white tablecloth” restaurants serving both lunch and dinner to dinner-only restaurants like the national chain Ruth’s Chris Steakhouse and the upscale, locally owned Beluga.

Attracting restaurant tenants was not difficult. According to Hutchens, “Every second-tier national restaurant chain wanted to be here, but we held out for those we felt best fit our vision.” P.F. Chang’s signed one of the earliest leases, for what became its 15th restaurant nationwide and its first ground lease deal. The Cheesecake Factory came in later, serendipitously after the Dillard’s store closed and that building became available for redevelopment. Rather than insisting on a location that could be easily seen from Orlando Avenue and outside Winter Park Village, the chain chose the Dillard’s building as ideal, since people see it when they leave the movie theater.

Retailers also were attracted to the project, which offered space in a variety of sizes and formats, as well as a built-in market of diners, moviegoers and office workers. In addition to the stores mentioned, the tenant mix includes Guitar Center, Hallmark, Pier One Imports, Liz Claiborne, Ulta, Ann Taylor Loft, Coldwater Creek, E.B. Games, Inland Ocean and a number of locally owned stores.

As noted earlier, the developers were surprised by the high demand for office space at Winter Park Village. As of late 2006, approximately 600 office employees work on site. World Publications, a publisher of travel and water sport–related magazines, is Winter Park Village’s largest office tenant, occupying 45,000 square feet (4,181 square meters).

Likewise, marketing the lofts to prospective residents was successful in part because so many potential tenants already came to Winter Park Village regularly to work, shop and dine. The loft apartments leased up quickly and continue to command rents well above those of comparably sized units elsewhere.

Casto continues to refine the retail tenant mix. The firm has bought out several tenant leases and moved tenants to different parts of the center to improve retail flow. Recent new tenants include Coldwater Creek, at a prime Main Street site across from Brio Tuscan Grille and Starbucks, which took over a locally owned coffee shop across from the cinema, both of which opened in November 2006.



WINTER PARK VILLAGE, *page 8 of 12***EXPERIENCE GAINED**

- One of the most important qualities of a mixed-use lifestyle center is its ability to evolve and to continue to create value over time. If designed and developed properly, it offers its owners multiple opportunities to respond to changing demographics and market conditions, to keep the project fresh and while continuing to meet the needs of the community.
- Proportions are important. The scale of a project is often what makes it feel welcoming and comfortable. The scale at Winter Park Village reflects that of the surrounding community. Although the one- and two-story structures work well, Hutchens feels that adding a third level to some of the buildings would have improved the project's massing.
- Synergy is essential in a mixed-use lifestyle center. Office space generates workers who eat and shop during their lunch breaks, as well as shop, dine, and/or see movies after work. The retail mix must appeal to these "captive" prospective shoppers as well as those from the surrounding community and beyond.
- There are huge barriers to entry for large, mixed-use lifestyle centers like Winter Park Village in built-out suburban areas. They can be done only on infill sites and failed regional malls and strip centers often offer ideal settings for such projects.
- Developing a project with as many high-profile tenants as Winter Park Village has meant dealing with a lot of "800-pound gorillas." Balancing the needs and desires of individual tenants with the overall project meant making many changes to the site plan. The original plan, for example, put the Borders bookstore near the project entrance, along Main Street. But the retailer wanted its own parking, so the bookstore was moved to the northwest corner of the site, where a large parking lot sits between it and the Main Street retail buildings. Similarly, the Albertson's grocery store, which was to have faced the residential neighborhood to the east, was turned to face west because the grocer wanted the building to face Orlando Avenue. This created a "dead" edge on the east side of the structure, which has been only partly mitigated by a wall and landscaping.
- Providing adequate parking can be a challenge for a new urbanist lifestyle center. Although the site offers plenty of parking spaces, customers want to park close to their destinations, meaning street spaces and close-in parking lots fill quickly while those at the edges of the project remain empty. Casto has addressed this issue by furnishing valet parking, but recognizes that a 300- to 400-space parking structure for office workers and/or residents would solve the problem.
- Had he started the project in 2006 rather than almost a decade ago, Hutchens would have worked harder to create a public/private partnership that would have allowed Casto to put in structured parking and additional residential uses in the first phase, and built three-story rather than two-story buildings along Main Street. But at the time, the mixed-use lifestyle center was an untested concept and many people thought the original plans were too far-reaching.
- Likewise, Hutchens wishes Casto had purchased more property around the site earlier. The redevelopment of Winter Park Village spurred additional development nearby, and Hutchens would like to have had more control over it.

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PROJECT DATA			
LAND USE INFORMATION			
Site area (acres/hectares): 40/16			
GROSS BUILDING AREA			
Use	Area (Gross Square Feet/Square Meters)		
Office	152,663/14,182		
Retail	350,000/32,515		
Residential	60,000/5,574		
Parking	818,700/76,057		
Landscaping	344,637/32,017		
Total GBA	1,726,000/160,345		
LEASABLE AREA			
Use	Area (Gross Square Feet/Square Meters)		
Office	124,000/11,520		
Retail	350,000/32,515		
Residential	60,000/5,574		
Total	534,000/49,609		
LAND USE PLAN			
Use	Acres/Hectares	Percentage of Site	
Buildings	13/5.3	37	
Streets/Surface parking	19/7.7	50	
Landscaping/Open space	8/3.2	13	
Total	40/16.2	100	
RESIDENTIAL INFORMATION			
<i>Note: The residential portion of the project is owned and managed by a third party, WP APCO)</i>			
Unit Type	Floor Area (Square Feet/Square Meters)	Number Leased	Range of Initial Monthly Rental Prices
Studio with loft space	800-900/74-78	52	\$1,000-\$1,400

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PROJECT DATA, <i>continued</i>		
OFFICE INFORMATION		
Number of tenants: 8		
Average tenant size (square feet/square meters): 6,875/639		
Annual rents (per square foot/square meter): Approximately \$14-\$25/\$151-\$269		
Average length of lease: 5 to 7 years		
Typical terms of lease: 3 years with one-year extensions		
OFFICE TENANT SIZE		
		NUMBER OF TENANTS
Under 5,000 square feet/465 square meters		5
Between 5,000 and 10,000 square feet/465 and 930 square meters		0
More than 10,000 square feet/930 square meters		3
Total		8
MAJOR OFFICE TENANTS		
Tenant Name	Space Occupied (Square Feet/Square Meters)	
World Publications	45,000/4,181	
Progressive Insurance	24,483/2,275	
Hill, Adams, Hall & Schieffelin	15,000/1,394	
RETAIL INFORMATION		
Classification	Number of Stores	Total Gross Leasable Area (Square Feet/Square Meters)
General merchandise	4	32,125/2,984
Food service	15	133,339/12,387
Clothing and accessories	5	18,470/1,716
Shoes	3	3,848/358
Home furnishings	4	24,460/2,272
Home appliances/Music	1	15,319/1,423
Hobby/Special interest	1	3,960/368
Gifts/Specialty	4	14,908/1,385
Jewelry	1	1,241/115
Theater	1	83,624/7,769
Total	38	331,294/30,777

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PROJECT DATA, <i>continued</i>	
MAJOR RETAIL TENANTS	
Tenant Name	Space Occupied (Square Feet/Square Meters)
Regal Cinema	83,624/7,769
Albertson's	55,922/5,195
Borders Books & Music	25,474/2,367
Chamberlin's Market & Cafe	17,746/1,685
Guitar Center	15,319/1,423
Cheesecake Factory	12,659/1,176
Ulta	10,864/1,009
Coldwater Creek	6,019/559
Joseph A. Bank	5,011/466
Ann Taylor Loft	5,000/465
Percentage of GLA occupied: 95	
Average length of lease: 5 to 10 years	
Annual rents (per square foot/square meter): Approximately \$13-\$38/\$140-\$409	
Average annual sales (per square foot/square meter): Approximately \$300/\$3,229	
DEVELOPMENT COST INFORMATION	
Site acquisition cost	\$500,000
Site improvement cost	\$7,981,000
Construction costs (<i>not including residential</i>):	\$38,477,000
Office	\$5,000,000
Retail	\$33,477,000
Soft costs	\$7,042,000
Architecture/Engineering	\$2,658,000
Project management	\$613,000
Taxes/Insurance	\$511,000
Construction interest and fees	\$2,800,000
Lease commission	\$460,000
Total development cost	\$54,000,000

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PROJECT DATA , <i>continued</i>
DEVELOPMENT SCHEDULE
<p>Site purchased: 1996 Planning started: 1997 Construction started: 1998 Sales/Leasing started: June 1998 Project opened: June 2000 (grand opening) Expected completion: Project continues to evolve as of December 2006</p>
DRIVING DIRECTIONS
<p><i>From Orlando International Airport:</i> Head south and bear left at Airport Blvd. Take the SR-436N ramp to downtown. Continue on S. Semoran Blvd. Turn left at E. Colonial Drive. Turn right onto N. Mills Avenue. Continue on S. Orlando Avenue. Winter Park Village is located at 400 N. Orlando Avenue.</p> <p><i>Driving time:</i> Approximately 20 minutes in non-peak traffic.</p>