ORLANDO EXECUTIVE AIRPORT | ORL
*Advancing Aviation, Business & Community*

# Commercial Properties Development Committee

# Orlando Executive Airport, Colonial Promenade Action Plan

October 16, 2024

# BACKGROUND

- Possession
- Redevelopment RFQ
- Maintenance and Improvements
- Stabilized Cash Flow

# LEASING ACTIVITY

- Despite some maintenance investment in Colonial Promenade, The Sembler Company, the previous leasing and management company, struggled to keep occupancy rates up.
    - Occupancy rates fell every year. from 68.6% in 2017 to 29% in 2021

- Stiles took over the brokerage and management of the property on May 25, 2021, and began actively marketing the center. Occupancy increased from 29% to 43.5%.

- Sam Ash recently filed for bankruptcy and vacated decreasing occupancy to 23.4% as of June 1, 2024.

- Four current tenants:
    - American Freight (furniture and appliances)
    - GMS (call service center and medical processing)
    - Emporium 7  (hair salon and retail sales)
    - Dmansr Enterprises (retail sale of vacuum cleaners and related accessories)

# COLONIAL PROMENADE OPERATING EXPENSES

**Stiles Corporation provides the following management services:**

- Tenant Relations
- Property Maintenance
- Property Inspections
- Financial Management
- Lease Administration
- Compliance
- Vendor & Security Management
- Emergency Response

| Operating Expenses | FY2023 |
|---|---|
| Vacant Space Expenses | 54,888.70 |
| Common Area Maintenance | 333,050.12 |
| Administrative & Mgmt. Fees (Stiles) | 78,901.98 |
| Utilities | 23,698.64 |
| Property Taxes | 184,867.42 |
| Insurance | 103,021.40 |
| Total Operating Expenses | 778,428.26 |

Gross Revenue = $992,303

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# ORL COMMERCIAL PROPERTIES – EAST COLONIAL DRIVE

Shurgard Maguire Partnership LLP
Public Storage

GFS Marketplace Realty Five, LLC
Gordon Foods

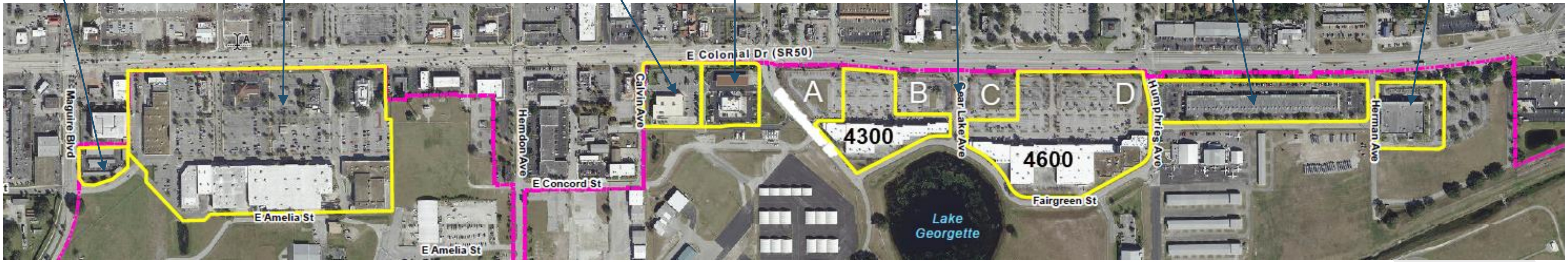
Kanes Furniture LLC

Colonial Promenade Shopping Center

ARC ClorlFL001 LLC
Colonial Landing Shopping Center

WaWa Florida LLC

Oceanside Daytona Limited Partnership
Shoppes at Baldwin Park

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# FAA DEVELOPMENT CONSIDERATIONS

- FAA Requires Fair Market Value via appraisal
- Fifty-year lease term limit, per enabling legislation
- Residential restriction, per FAA
- FAA requires airports to remain self-sustaining
- New FAA Land Use Policy

# COLONIAL PROMENADE ORL CASH FLOW SCENARIOS

## 10-Year Budget Implications

| Scenario(s) | Description | Reserves 2033 |
|---|---|---|
| **Status Quo** | No repairs, lease "As Is" | ($4,699,453) [1] |
| **Full Renovation ($16M Minium Investment by Aviation Authority)** | Signage, painting, electrical, landscaping, parking lot repaving, exterior façade, overhang, windows, and restrooms | ($5,779,937) [2] |
| **Option 1 - Full Redevelopment (Developer)** | Single Development – Developer pays demolition (21-acre long-term ground lease) | 5,546,777.00 |
| **Option 2 - Full Renovation (Developer)** | Complete renovation and outparcel leasing (long-term lease for facility & outparcels) | 13,817,252.00 |
| **Option 3 – Moderate Facility Renovation ($7M Aviation Authority)** | Moderate facility renovation with out parcel leasing (parking lot mill & overlay, landscape improvements, signage upgrade, AC replacements & vanilla box expenses) | 6,526,768.00 [3] |

[1] ORL negative cash flow by 2032 in Status Quo Scenario

[2] ORL does not have the cash reserves to support the Full Renovation Scenario

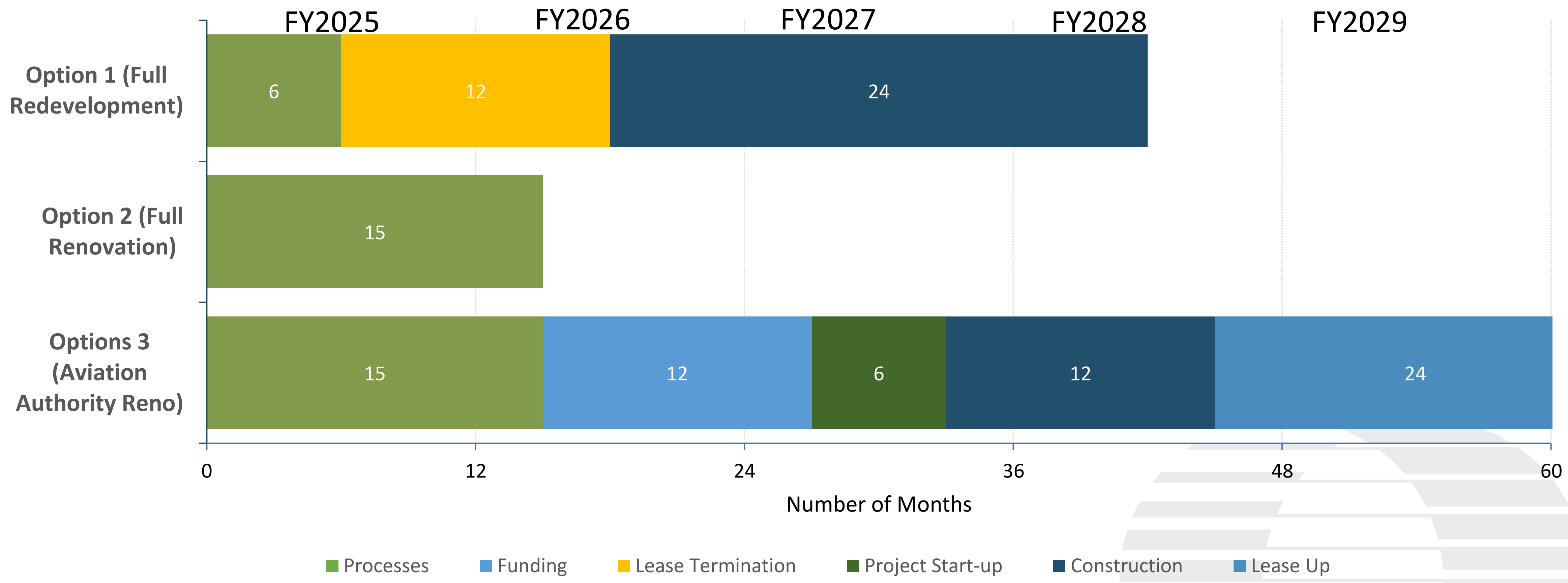
[3] Option 3 depletes ORL cash reserves to critical levels, after $7M expenditure

Oversight by Aviation Authority staff for planning, construction, finance, leasing and management functions to execute Option 3

# OPTION COMPARISON

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| Revenue | ✗ | ✓ | ✗ |
| Timing | ✗ | ✓ | ✗ |
| Staff Resources | ✓ | ✓ | ✗ |
| Aesthetics | ✓+ | ✓ | ✗ |
| Continuity | ✗ | ✓ | ✓ |
| Expense | ✗ | ✓ | ✗ |

# TIMELINE

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# NEXT STEPS – ACTION PLAN

1) Promote the development or renovation opportunity for the entire 21-acre site to attract a developer to execute a master lease with the Aviation Authority.

2) Host a real estate open house at ORL to highlight opportunities for Colonial Promenade.

3) Accept Letters of Intent (LOIs) and required deliverables for three months (November through January).

4) Evaluate LOIs and required deliverables to ensure alignment with our strategic goals for the property.

5) Recommend next steps to CPDC based on deliverables received.

# ALTERNATIVES

**Authorize staff to offer tenant leases exceeding five years at Colonial Promenade, including outparcels, and to seek budget approval for Aviation Authority Capital Expenditures in the amount of $7,012,975 to fund moderate facility renovations.**

# RECOMMENDED ACTION

**It is respectfully requested that the Commercial Properties Development Committee accept this recommendation on and resolve to approve the Aviation Authority's Real Estate Department's Action Plan to advance the redevelopment or renovation of Colonial Promenade to:**

- **Promote the development or renovations opportunity for entire 21-acre site to attract a developer to execute a master lease with the Aviation Authority;**
- **Host a real estate open house at ORL to highlight opportunities for Colonial Promenade;**
- **Accept Letters of Intent (LOI) and required deliverables for three months (November through January);**
- **Evaluate LOI's and deliverables to ensure alignment with our strategic goals for the property; and,**
- **Make a recommendations to CPDC based on staff evaluations.**