

Eola Capital acquires 17 buildings from St. Joe

The \$383 million deal boosts Eola Capital's office portfolio to more than 10 million square feet.

By Jack Snyder, Orlando Sentinel Staff Writer

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Orlando-based Eola Capital, the investment company controlled by office-space specialist Jim Heistand, said Tuesday it has agreed to buy a 17-building portfolio from Jacksonville's St. Joe Co. for \$383 million.

The purchase boosts the local investment firm's office portfolio to 10 million square feet, with a combined valued of about \$1.5 billion.

The purchase includes two Class A office buildings in the Orlando area: The six-story, 157,000-square-foot Millenia Park One Building on the west side of Interstate 4 near Mall at Millenia; and the four-story, 160,000-square-foot Southall Center in Maitland Center.

Separately, Eola Capital is reportedly buying the 19-story, 365,000-square-foot One Orlando Centre tower in downtown Orlando, though Heistand wouldn't comment on that this week.

The three properties would give Heistand his first local holdings since 1997, when he sold his statewide portfolio to Highwoods Properties Inc., a North Carolina real estate investment trust. The two St. Joe buildings and One Orlando Centre total more than 680,000 square feet.

The 17-building St. Joe portfolio also includes office properties in Jacksonville; Tallahassee; Panama City; Atlanta; Alpharetta, Ga.; Norfolk, Va.; and Richmond, Va. The offices total about 2.25 million square feet. The purchase is to close in the second quarter.

St. Joe, Florida's largest private landowner, also announced this week the sale of its mid-Atlantic home-building operations, which operated primarily under the Saussy Burbank name.

Company spokesman Jerry Ray said the commercial-building sales don't represent any change in strategy.

"We just feel it's a good time to sell," he said.

The giant real estate company owns about 805,000 acres, much of it in Florida's Panhandle, where the company is focusing its development efforts.

St. Joe also announced Tuesday that first-quarter profit soared more than fivefold after it sold more than 31,000 acres of rural land.

Net income for the three months that ended March 31 climbed to \$19.9 million, or 27 cents a share, from \$3.7 million, or 5 cents a share, a year earlier.

St. Joe's other Central Florida connections include the nearly completed Artisan Park residential project in Celebration, in Osceola County, and the 4,000-plus-home Victoria Park development in DeLand, in Volusia County.

In the Panhandle, the company has multiple residential, resort and commercial projects under way. It is donating 4,000 acres to relocate Panama City-Bay County International Airport, a project that should be moving forward, depending on the availability of funds, the company noted in a recent filing with the U.S. Securities and Exchange Commission.

In that filing, Chairman and Chief Executive Officer Peter Rummell said that 2006 had been a challenging year because of the housing slowdown across Florida and the nation.

But on the commercial side, Rummell added, "National and regional retail developers have discovered Northwest Florida and are expressing a high level of interest in the region."