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Exclusive: The Pearl, an apartment-and-retail development in The Heights, is for sale and expected to sell for near top-of-market pricing

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Francesco Carriera couldn't have picked a better day to walk potential buyers through The Pearl.

Carriera, an executive vice president with CBRE Group inc. in Tampa, is leading a team that's marketing the 314-unit apartment complex for sale. On Wednesday, just as the Tampa Bay Buccaneers Super Bowl boat parade set sail on the Hillsborough River, he led three different groups through The Pearl and The Heights, the mixed-use district that's home to both the apartment complex and Tampa's iconic Armature Works.

About 12 groups have toured The Pearl since Carriera and Michael Regan, an executive vice president with CBRE, started quietly marketing it for sale in late



CBRE GROUP INC

The Pearl, a mixed-use building in The Heights, is for sale.

January. The sellers are the property's original developers, SoHo Capital and DDA Development. SoHo Capital is the master developer of The Heights.

"It's garnering a lot of attention, and people love the story," Carriera said. "You can't really beat it."

Between its location in The Heights — a walkable district that's the home of food hall Heights Public Market, several restaurants, a forthcoming Sprouts Farmers Market and Heights Union office building — and a dearth of new luxury apartments up for sale, The Pearl is expecting to fetch top-of-market pricing of \$335,000 to \$350,000 per apartment or an aggregate sales price of \$105 million to \$110 million. The street-level retail — 11 storefronts that total 27,418 square feet — could be sold to the same buyer or sold separately; Carriera is expecting that portion of the property to sell for around \$13 million.

The units in The Pearl average 941 square feet; the average current rent is just over \$2,000 per month.

If The Pearl fetches the pricing CBRE is aiming for, it would be particularly remarkable in comparison to Nine15, which sold in March 2020 for \$331,000 per apartment and a testament to The Heights District. Nine15 is a high-rise, and that type of building is far more expensive to build than a mid-rise like the Pearl, which has buildings that range in height from four to seven stories (wrapped around a five-story parking deck). Construction costs for The Pearl, a concrete building, were pegged at \$67 million.

The Tampa Bay apartment sale record belongs to 500 Harbour Island, which sold for \$440,000 per door. Its neighboring tower, then known as Icon Harbour Island, sold for \$387,000 per door.

While institutional investors are among The Pearl's potential suitors, Carriera says private investors are also very interested in the property, especially those from New York, California and the Midwest.

"The size and level of sophistication of the private client space — it's really just reached high levels that we've never seen before," he said.

Big apartment sales are often seen as a harbinger of the overall economy. New owners base their offers on the assumption of raising rents; few would be willing to

bet on a property as expensive as The Pearl if there weren't confidence in the overall Tampa Bay economy.

The activity in The Heights, Carriera said, reinforce that confidence. Sprouts Farmers Market Inc. is under construction on a store in the district; Pfizer Inc. just signed a deal for 105,000 square feet in Heights Union that will employ hundreds of people.

"Especially during a time when the future of retail and office have people scratching their heads, this speaks to the Tampa area as a whole," Carriera said of the Sprouts and Pfizer deals. "It's good timing — very, very good timing."

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