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Seminole Towne Center Mall Owner in Active Negotiations with Apartment Developers

The owner of Seminole Towne Center — one of Central Florida's biggest shopping centers — is in active talks to sell its properties to apartment developers and other users as the mall undergoes a transformation.

Great Neck, New York-based Kohan Retail Investment Group — whose related Seminole Mall Realty Holding LLC owns portions of the 1.1 million-square-foot mall — may ink a letter of intent with one apartment group soon to purchase a property, Kohan owner Felix Reznick said. Seminole Mall Realty Holding LLC purchased portions of the mall at 200 Towne Center Circle in Sanford in March for \$52.3 million, according to real estate research firm Reonomy.

Seminole Towne Center joins a growing list of malls that are undergoing or will undergo renovations or redevelopment in Central Florida, including Winter Park Village, the Oviedo Mall and Orlando Fashion Square. Retail experts say that while current uses of many of these malls are outdated, the dirt beneath them is valuable for redevelopment.

Kohan is currently marketing three properties for sale, and Englewood Cliffs, New Jersey-based Katz & Associates LLC's Daniel Solomon and Vanesa Rodriguez are handling the marketing.

Here's more on the properties:

- 13.5 vacant acres at 200 Towne Center Circle
- the former 41,730-square-foot United Artists theater at 430 Towne Center Circle on 7.3 acres
- the 160,000-square-foot former Macy's at 330 Towne Center Circle

Reznick said he expects some apartment construction to be completed by summer 2022. However, the city of Sanford must issue approvals and permits before building can begin. Reznick said Kohan is working with the city to secure those approvals.

"This is going to be a significantly more vibrant location," Reznick said. "If people want to get ahead of the curve, we're open for business, and we're here to make deals."

The properties have been marketed for at least six months, Solomon said. No group is currently under contract to buy the properties.

Meanwhile, Abilene, Texas-based entertainment company PrimeTime FEC owns the former Sears at Seminole Towne Center and is expected to reveal what's next for that 121,680-square-foot building soon, said Reznick, who declined to give more details.

Apartment opportunities

For months, apartment developers have shown interest in the Seminole Towne Center properties near Interstate 4 and State Road 417.

That's because the Lake Mary area's office market — combined with the growth of health care giants Orlando Health and AdventHealth — have created more demand for residential real estate, said apartment expert Scott Ramey, senior managing director at Newmark, who isn't involved with the Seminole Towne Center. The North Orlando apartment submarket, which includes Seminole Towne Center, features a 6.9% vacancy rate, which is lower than the Orlando-area average of 8.7%, showing demand for apartments there, CoStar Group reported. In addition, the submarket's average asking rental rates are \$1,290 per month, which is near the Orlando-area average of \$1,310.

"The job story there is one of the strongest you're going to see in the market, and that's bringing more apartment developers looking for opportunities up there."

Changing malls

Adding residential uses to malls is a "brilliant" idea, said retail expert Jill Rose, vice president of retail services at Bishop Beale Duncan, and it's something malls across the region and U.S. are doing.

Residential real estate brings more people to a mall and boosts sales at adjacent retail and restaurants, Rose said. For example, Columbus, Ohio-based developer Casto revealed this week it wants to convert office space into more apartments as part of a \$20 million transformation of Winter Park Village. In addition, Winter Park-based real estate firm Tricor International LLC wants to convert part of the Oviedo Mall into residential uses. That application is currently under review by the city of Oviedo, Assistant City Manager Patrick Kelly told OBJ.

That said, finding new uses for malls has been happening for years as retail real estate demand changes due to e-commerce. However, the pandemic has accelerated the need to change these shopping centers, said Cindy Schooler, senior vice president and market leader for Dallas-based SRS Real Estate Partners. Lenders are also less likely to give loans to retail projects due to their high risk of default, so that puts pressure on mall owners to find different uses for their properties, Schooler said.

"I predict the word 'mall' will be replaced in the next 5-7 years and 'malls' will become community hubs with a variety of uses," Schooler said.