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Luis Salazar



DAILY BUSINESS REVIEW

DEALMAKERS

To suggest candidates for Dealmakers, contact Cathy Wilson at cwilson@alm.com. Dealmakers should be based in South Florida, but transactions need not involve local companies or properties.

Steelbridge trio guides \$17.5 million acquisition

Dealmakers: Jay Caplin, Michael Manno and Gavin Campbell

The Deal: Miami-based Caplin and Manno worked with Campbell, a Chicago counterpart, on Steelbridge



Caplin

Capital's \$17.5 million acquisition of a 68,000-square-foot office building in Naples—the biggest deal so far this year in the Southwest Florida city.

Details: It was a deal that hinged on superlatives—perfect timing and an asset set to be repositioned as one of the plush-est office spaces in an affluent Naples submarket known for luxury shopping and million-dollar homes.



Manno

The seller, Gulfshore Associates Ltd., listed the SunTrust tower with a goal to secure more than \$20 million in a deal signed and sealed by December 2013. Gulfshore had owned the seven-story building since its development about 30 years earlier and decided it was time to sell. It envisioned a quick sale for the property located on two major thoroughfares in the affluent Pelican Bay neighborhood, minutes from fine dining, beaches, the Naples Philharmonic cultural center, Ritz Carlton and Waldorf Astoria hotels, Saks Fifth Avenue, Nordstrom, Gucci, Apple, Cartier and other luxury retailers at the Waterside Shops.



Campbell

"We viewed this as an opportunity to acquire a value-added, top-tier Class A office building within an in-fill location

in Naples, Florida, a high-growth and affluent city where there is a limited supply of institutional quality office as-

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sets that are infrequently offered for sale," said Campbell, Steelbridge Capital's managing principal.

Market conditions seemed right for Gulfshore.

Naples' Class A vacancy rate stands below 10 percent, and with limited and expensive land, its barriers to entry are high. The building itself boasted an impressive tenant roster with firms like SunTrust Bank, UBS Investment Bank and Bank of Montreal.

But when the December deadline passed, Gulfshore approached Steelbridge Capital. When the deal closed in July, the seller accepted millions below the original price.

"They decided we were the most qualified, given our history and capitalization, so they came back to us," Caplin said.

In the months of negotiations, Steelbridge leveraged market resources to increase occupancy at the office tower from 80 to 86 percent, attracting tenants in the market for flexible lease space from 1,000 to 5,000 square feet by the time the deal closed in July.

"We moved the occupancy up by exerting marketing influence even before closing, and we feel within 12 months we will be able to stabilize the property," Caplin said.

The move fit Steelbridge's acquisition strategy of purchasing prime properties, investing in improvements, repositioning them as a higher class product and then finally buying complementary properties that create investment synergies. The previous owner had already invested \$1.5 million on upgrades to restrooms, lobbies and other common areas at the SunTrust tower, and Steelbridge anticipates pumping another \$1 million for luxury finishes and new premium services.