

Sentinel Real Estate well-positioned in flexible-space market, works closely with tenants — The Exchange at Palm Bay one of its assets; Ullian Realty leasing agent, JM Real Estate manager

By Ken Datzman

PALM BAY — Forty-year-old Sentinel Real Estate Corp., headquartered in New York City, has carved out a solid niche in the commercial flexible-space market around the nation, including Brevard County, which is a new entry for the company.

These types of buildings offer an alternative solution to traditional office space or warehouse space. It gives tenants the flexibility to combine office, light manufacturing, or warehouse square footage into one space.

In general, flexible buildings can better accommodate a full range of business ventures, from start-up companies to fast-growing enterprises that need to expand their facilities, commercial real-estate experts say.

"We really like the flexibility it provides tenants, especially in today's market," said Martin Cawley, managing director of Sentinel Real Estate Corp.

"Our company probably has close to 2 million square feet of 'flex' space across the nation. This type of space provides the opportunity for an existing tenant to expand. And, you can attract new tenants because the flex-space concept is better suited to meeting the space needs of many businesses."

Sentinel's portfolio of properties includes 72,000-square-foot The Exchange at Palm Bay, a flexible-space facility on Robert J. Conlan Boulevard. There, it is working closely with lead tenant Globe Wireless — a business that saw its revenue grow by 30 percent in 2009 — to meet its expansion needs.

"Globe Wireless currently occupies 28,000 square feet and is expanding by 11,000 square feet. We're happy to be able to help an existing tenant expand its presence in the market, as well as its relationship with us. Most of the renovation we are paying for on their behalf," said Cawley, adding that Globe Wireless signed a new lease at The Exchange.

Sentinel hired Mike Ullian of The Ullian Realty Corp. as the leasing agent, and JM Real Estate Inc. as the property manager for The Exchange at Palm Bay. Both are longtime area firms.

"There are not many landlords that have funds right now to spend on property upgrades," said Ullian, who holds professional designations from the Society of Office Realtors and the Certified Commercial Investment Member Institute.

"Clearly, Sentinel is a landlord that is willing to put significant money back into its properties. It has the capital to do it and to get the job done

quickly. The Exchange is an example. As a result, the tenants benefit."

"We are always active in the market, whether it's up or down. We always have funds to invest both in renovations and properties," added Cawley.

Ullian said The Exchange at Palm Bay has flexible space available from more than 1,900 square feet to over 23,000 square feet.

"There are a lot of possibilities for businesses to become tenants at The Exchange. We are aggressively looking to do deals. This is the time. We are very flexible. We have the funds. We think The Exchange is a great facility in a very attractive location, easily accessible to anywhere in the county. And, there are plenty of parking spaces," Ullian said.

The Exchange is in the heart of the Palm Bay industrial market. Companies such as Harris Corp., Intersil, DRS, United Parcel Service, and other businesses are located nearby.

Cawley said the property is well maintained. "JM Real Estate does a very good job providing a high level of maintenance for this property."

Sentinel is a privately owned pension fund adviser. It handles a number of institutional accounts in the real-estate field, ranging from apartments to shopping centers to industrial parks and office buildings all over the country.

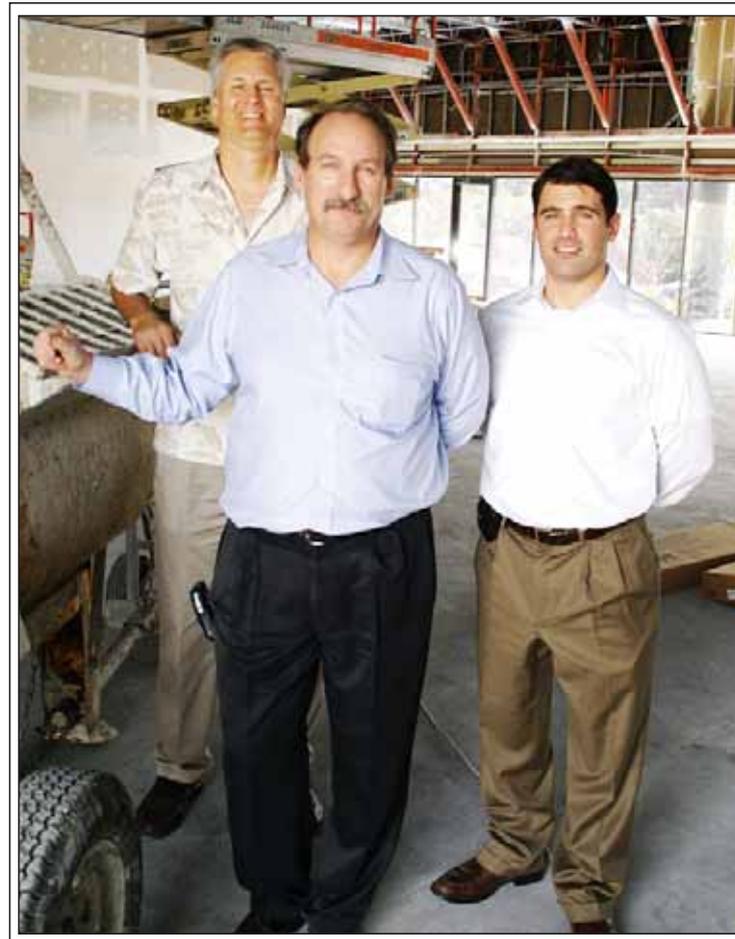
The company manages pooled and separate accounts, holding diversified portfolios of real-estate properties valued at \$5 billion. These portfolios include more than 150 assets in 29 states.

Cawley himself oversees roughly \$800 million in real-estate assets for the company. He is responsible for 24 properties in 10 states. His office is in New York, on the Avenue of the Americas.

In Florida, The Exchange at Palm Bay was part of a bulk commercial real-estate purchase, Cawley said. "It was part of a \$500 million portfolio we bought that consisted of about 7,000 apartments. This is our first investment on the commercial side in Brevard County. We really like the Brevard market and are always looking for real-estate investment opportunities."

Sentinel owns large apartment complexes in Orlando, Tampa, and South Florida, as well as in many other states.

The apartment-rental market is impacted by higher home sales to first-time homebuyers. However, as the economy turns around and consumer confidence rises, constraints on "household growth will be released, which may help to unleash a pent-up rental demand," according to the latest "Commercial Real Estate Outlook" published by the National Association of Realtors.



BBN photo — Adrienne B. Roth

New York-based Sentinel Real Estate is the new owner of The Exchange at Palm Bay, a 72,000-square-foot facility on Robert J. Conlan Boulevard that caters to flexible-space users. Sentinel is expanding the Globe Wireless facility at The Exchange, adding 11,000 square feet, which brings the total to nearly 40,000. From left: Mike Ullian, The Ullian Realty Corp., leasing agent; Martin Cawley, managing director, Sentinel; and Dennis Morris, assistant V.P., Sentinel.

In general, Cawley sees the commercial real-estate industry in 2010 "probably leveling off some at the bottom and hopefully moving upward."

Capital will begin to flow back into commercial real estate by the end of next year, says the 2010 "Emerging Trends in Real Estate Report" released by PricewaterhouseCoopers LLP and the Urban Land Institute.

The survey data also indicates that the debt market will start to rebound, but remain "far from normalized" in the wake of unprecedented de-leveraging.

Equity investors will need to focus on quality assets and expect to hold for at least a five- to seven-year period, allowing fundamentals to slowly improve, the report said. Cash is the only way to operate in order to take advantage of emerging opportunities, it said.