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Big-time investor in local project

By Tiffeny Owens

A Philadelphia-based private equity real estate firm will split ownership of Decatur's Market Shoppes retail development, as site work on the project could start as early as next week.

The new investor, Lubert-Adler Real Estate, will inject an undisclosed amount of cash into the multi-million dollar, 80,000-square-foot shopping center, which will include a Kohl's department store at the northwest corner of U.S. 31 and Beltline Road.

On Monday, the Decatur City Council voted 4-1 to amend its previous agreement with Birmingham developer Blackwater Resources to add Lubert-Adler, creating new development company Market Shoppes Ventures.

"This (council's action) allows the developers to purchase the property and proceed with their plan to build the shopping center," said Wally Terry, Decatur's director of economic and community development.

Lubert-Adler has ownership stakes in other Blackwater retail developments in Alabama: Jubilee Square in Daphne and Patton Creek in Hoover, said John Abernathy, Blackwater's director of development and leasing.

"We have a long-standing relationship with them," Abernathy said.

"This doesn't change anything other than the ownership structure. We'll be the ones developing the property, leasing it and managing it."

Having Lubert-Adler, a company that since 1997 has invested \$6.5 billion in assets valued at \$16 billion, as a new investor has some on the City Council feeling optimistic about Decatur's retail future.

"I take it as a positive because if a major financial player like this wants to get in on this project, it and others like it may find something else they want to pursue in the city," District 5 Councilman Greg Reeves said.

Abernathy said developers continue their negotiations with property owners David Gillespie and David Gillespie Jr. to close on the 10-acre site at Brooks Street Southeast. Randy's Home Center, a mobile home dealer, operated on the property. On Monday, nearly all the mobile homes had been relocated.

"We should close on the property this week, and we expect site work to begin next week," Abernathy said.

The shopping center is slated to open in October, putting developers on a tight schedule.

"It's going to be a busy time out there from Christmas to October, but we're focused on getting it open then," Abernathy said.

District 1 Councilman Billy Jackson voted against amending the developer agreement, reaffirming his stance against extending tax incentives. Jackson opposed the original agreement passed by the council in July, which requires the city to rebate a portion of sales-tax revenue generated by Market Shoppes to developers for up to a decade after opening — with a maximum abatement of \$2.7 million. The abatement, limited to reimbursement of infrastructure and site preparation, is projected at \$2.48 million.

"I support this development 100 percent, but I don't agree with the process," Jackson said during the meeting. "In 2006, when we did the Target project and approved a tax incentive to bring it here, it was with the understanding that it was to be the magnet for other developments.

"Now we've veered away from our original plan. They (Kohl's) would have come here anyway without the incentives, and I just don't think we have the luxury to give away \$250,000 in revenue annually."

Market Shoppes Ventures plans to invest \$11 million to \$16 million in the project and projects around \$15 million in annual sales. Terry had a different take on the city's incentive deal with developers.

"This is a well-crafted agreement that puts the city in control," he said. "There is very strict criteria that requires a specific kind of retailers to move into the shopping center before the city rebates the sales tax money.

"If the developers never build anything, or they bring in someone that doesn't meet that

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13	14	15	16	17	18	19

Bingo
Decatur Shrine Club
6:30 pm - 9:30 pm

Free public skate sessions
Point Mallard Ice Complex
4:00 pm - 6:00 pm

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exact criteria, then they can't benefit from the incentives."

In related measures, the council unanimously approved certification that the developer meet all requirements in the agreement, will pay the city's portion of right-of-way improvements on Brooks Street Southeast up to \$15,000, and an agreement to reimburse the developer up to \$161,892.36 for improvements to U.S. 31 near the project site.

Lubert-Adler fact check

- Founded in 1997 by Ira Lubert and Dean Adler.
- Based in Philadelphia.
- Bulk of investments are along U.S. coastal regions.
- Typically redevelops property with local partners.
- Ranked 18th among world's 30 largest private equity real estate firms.

Lubert-Adler.com, PERE

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