

More than \$80 million going into first phase of Durbin Park project



In another sign of the growing interest and viability of commercial development in St. Johns County, a real estate investment and banking firm announced a major investment in the first phase of the Durbin Park development in the northern part of the county.

Aztec Group Inc. said in a release that Jason Shapiro, managing director, and Sean Harrington, director, have arranged \$80.5 million in construction financing for The Pavilion at Durbin Park. That's the first phase of the project, an approximately 80-acre retail build that could eventually be the largest shopping center in the area.

The Pavilion will include more than 600,000 square feet of retail space that will be anchored by Walmart and The Home Depot. Construction has already started, with Walmart scheduled to open in November and the remaining shops, including Home Depot, scheduled to open in spring 2019.

The construction of the remaining portion of the shopping center is expected to be completed in summer 2019. The site is located west of Interstate 95 at State Road 9B and Race Track Road.

In an interview with The Record, Shapiro said the interest in the project was perhaps even better than originally expected.

“There's a lot of residential development and population growth in the northern St. Johns County area and at least the perception (is that it's) under retail,” he said. “There just wasn't as much per-capita square footage of retail as you might find in other major markets in Florida. It was an opportunity for this kind of development to occur.”

Shapiro cited residential population growth of 19 percent in the area over the last five years (according to U.S. Census data) and a lot more potential. Several large developments in the area have recently opened with

capacity for thousands of new homes.

Having such strong tenants like Walmart and Home Depot made the financing effort proceed more favorably, Shapiro said. Aztec Group represented Gatlin Development Company, which is the developer, borrower and joint owner in the transaction. The financing was provided by City National Bank of Florida with terms that included a three-year facility and floating interest rate.

“Over the course of the last 24 months, the leasing efforts once Walmart was a part of the mix kind of propagated and facilitated (more interest),” Shapiro said. “Once you have Walmart, other potential tenants come to the table. Home Depot is another great score on their part. Gives the project a huge boost from an investment-grade tenant perspective.”

Melissa Glasgow, St. Johns County’s director of economic development, said the \$80.5 million investment in the first phase of a development that covers about 1,600 acres is a reflection of the county’s status as a major new market. The county has seen population growth of more than 100,000 residents since 2000.

“This is a significant capital investment for our community, particularly for a commercial project,” she said in an email to The Record. “It takes more than desire by a developer to invest in any project. Many other parties need to review and sign-off on a deal to validate those assumptions. This level of investment reflects confidence in our county’s growth, and optimism for expanding the retail market in our area.”

City National Bank senior vice president of real estate banking Kevin Miliffe expressed confidence in Gatlin, which is based in Jacksonville. The developer clearly knows the North Florida market and has been developing Walmart shopping centers since 1984.

“This was a great opportunity for the bank to execute on another transaction for a repeat borrower with a strong and established track record of success in several Florida markets,” Miliffe said in a release. “We are excited to be involved in a new, marquee retail project.”

Shapiro said that while there is some concern in the retail industry about losing market share to online retailers like Amazon, there is still great need and desire for the right kind of stores as well as dining and entertainment.

Eventually, Durbin Park will have everything from the basics to more of the destination-type outlets. Phase II, which will be on the east side of S.R. 9B but west of Interstate 95, is expected to include Bass Pro Shops. The middle portion of the project is planned for more than 1 million more square feet of retail/restaurant/entertainment space as well as two 120-room hotels, office space and multi-family residential components. The development is approved for almost 1,000 homes.

“It was good timing and smart business for Gatlin Development to form the venture with the landowners,” Shapiro said. “I think that will spawn additional retail activity, whether that’s retail or office or even things like self storage.

“I think locations, specifically like this one, or St. Johns Town Center, these kinds of places will always draw shoppers who want to touch and feel the merchandise.”