

Central Florida

Oil industry experience keeps Pursuit Development running

By Robert Pitts

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ORLANDO — Although unbeknownst to the executives of Exxon and Mobil, the 1998 merger of these petroleum giants paved the way for a boutique retail developer to launch a successful niche operation.

Now, Pursuit Development Company has a portfolio of 16 single-tenant properties and — despite record low cap rates these days — has no plans to sell any of them.

That's because the return on investment has exceeded expectations and, frankly, single-tenant properties can be built more efficiently than larger projects, according to company founder Bill Chalmers.

"We thought it was a niche," Chalmers said, adding that smaller properties take less time and fewer personnel to develop. And since Pursuit Development focuses on a small number of retailers, effort is multiplied across many projects, and the overhead

is kept low, he said.

Chalmers launched Pursuit Development in 2001 after leading Trammell Crow Company's retail development effort in Florida. His niche is outparcel development and, more specifically, redevelopment of former service station sites.

"We acquire operating or vacant service stations and turn them into a something. That can be a Walgreens, Starbucks, AmSouth, Family Dollar and Panera Bread," he said.

Chalmers said Pursuit has limited its work to developing for these companies and, so far this year, has completed or is delivering the following projects:

- Walgreens stores in Jensen Beach, Hudson and Tampa
- A Starbucks in Tampa



Bill Chalmers



Daniel Moss

is kept low, he said. Chalmers, most significant projects. The company put a Starbucks on a site of less than 10,000sf at the corner of Aloma and Lakemont in Winter Park. A former Exxon service station, the site had been vacant for more than a decade.

"We bought it to just use it for parking for the Walgreens behind it, but we found out Starbucks was interested in a location there," he said.

Developing an edge

Chalmers' familiarity with handling service station sites came during his work with Trammell Crow when he

■ A Family Dollar store in Orlando

■ AmSouth branches in Orlando, Oviedo and Indialantic.

In addition, Pursuit recently completed one of its smallest but,



In one of Pursuit Development's smallest but most significant projects, the company put a Starbucks on a site of less than 10,000sf at the corner of Aloma and Lakemont in Winter Park.

served as real estate field representative for ExxonMobil Corporation. For this account, he acquired and disposed of more than 25 ExxonMobil assets while gaining a specialty in environmentally impacted real estate.

This experience put Chalmers in an ideal position to capitalize as the petroleum giant continued disposition of its properties following the Dec. 1, 1998, merger. He teamed up with Daniel Moss, another TCC executive, and found a capital partner in Landmark Investments of Chicago.

"They backed our business plan and our operations, and away we went," Chalmers said.

Now a few years down the road, Chalmers said his business model has been vindicated by a rise in the amount of competition.

"Since the time we wrote our business plan and got backing, we've found a handful of other developers have started focusing on doing the same business," he said.

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Pursuit's capital partner, Landmark Investments, recently launched Landmark Properties to focus on larger commercial projects, but Pursuit Development will continue to focus on single-site development, Chalmers said.

With the exception of Jacksonville and the Panhandle, Pursuit has completed projects all over the state, he said. But it isn't getting any easier.

"The market is getting tighter. The

acquisition terms are getting more risky, prices are rising and due diligence time is shortening. Projects are having more issues, not less, whether it's drainage, concurrency or access and visibility," he said.

Nevertheless, the company's strong brokerage relationships are supplying a good deal flow, Chalmers said, and the company is in the process of finding a replacement for a key member of the team, Chris Holland, who is moving out

of state to pursue development opportunities.

Chalmers said an expansion of Pursuit's client base is not out of the question, but taking on additional relationships would be done carefully and deliberately.

"It's always possible, although we're very pleased with the stable of tenants that we perform for. We certainly wouldn't be involved with any of their competitors," he said.