

Midtown project gets big backing Deal with investment trust accelerates work on mixed-use venture

Charlotte Observer, by Doug Smith

October 3, 2006 - A venture partner is joining with the developers of the Metropolitan residential, retail and office project in a move that will accelerate completion.

Colonial Properties Trust, a Birmingham, Ala.-based real estate investment trust with \$6 billion-plus in assets, announced its agreement today with Charlotte's Pappas Properties LLC and Collett & Associates.

"It's a great fit for us," said Weston Andress, Colonial Properties' president and chief operating officer. "It's the type of high-profile mixed-use development we have been involved in in other areas."

The \$225 million project is under way on land in Midtown, including about 10 acres formerly occupied by the Midtown Square shopping mall between Kings Drive and Kenilworth Avenue.

Metropolitan's development plan calls for about 200 residential condos, an office tower, stores and restaurants.

The developers revealed details in May and announced plans for a first phase of 101 condos and about 200,000 square feet of retail space.

With Colonial Properties' involvement, they expect to finish everything but a proposed 100-unit condo tower by the third quarter of 2008.

Peter A. Pappas, president of Pappas Properties, said the capital infusion enables the developers to begin work without having to pre-sell and pre-lease.

Andress said Colonial Properties will take the lead in developing and leasing the office portion and supplement Collett & Associates' efforts on the retail. Pappas is focusing on the residential.

A stacked Target and a Home Depot decor-oriented store are to open in fall 2007 on the site of a former movie theater across South Independence Boulevard from the old Midtown Square. The condos and shops will be on the former mall property.

The redevelopment has required considerable realignment and improvement of surrounding streets, and Pappas said that's affecting the timetable for the condo tower.

It hinges on replacement of the Baxter Street bridge, he said.

Andress said Colonial Properties would put up most of the equity for the development, which will be its largest in the Charlotte market.

"They had an interest in investing -- not just investing -- but also playing a role in a mixed-use project," Pappas said. "They bring a strong expertise on the office side."

Colonial Properties has experience on similar projects, including Colonial TownPark in Orlando, Fla., and Colonial Brookwood Village, under construction in Birmingham.

In Charlotte, it has 4,487 apartment units, 385,100 square feet of office space and 132 for-sale condo units.

Nationwide, Colonial Properties and its subsidiaries owned or managed 44,757 apartment units, 19.7 million square feet of office space and 11.9 million square feet of retail space, as of June 30.

Andress said participation in Metropolitan's development is part of an effort to build a larger presence in Charlotte.