

# Appropriately sized green office space is key to building in recession

BY WILLIAM RICHARDS

Ustler Development Inc. President Craig Ustler believes an affordable eco-friendly building will lure tenants out of their existing office space.

In fact, using a green design allowed him to start constructing a new office building in January, during a time of scant demand. It's the only new office building that started construction in downtown Orlando so far this year. It should be completed in the first quarter of 2011.

Ustler's plans to build green helped secure GAI Consultants Inc. as the anchor tenant for the building at the southwest corner of Summerlin Avenue and South Street. Pittsburgh-based GAI is taking 62,000 square feet on the building's top two floors for its regional headquarters.

Securing a \$30 million construction loan was the most difficult step in getting the project started. Because of the credit crunch, Ustler had fewer lenders to approach and faced a tougher loan underwriting process. But he finally got the financing after three years of negotiations with M&I Bank.

Constructing a relatively modest 105,000-square-foot office building allowed Ustler to avoid the additional costs and time of building a true skyscraper, as well as to reduce financial risk. Building on a smaller scale also matched the GAI building's green of-

fice space to the demand of tenants attracted to an eco-friendly image.

Here's more of Ustler's theories and insights on the future of office building.

**Type of construction I expect to see in the future:** One of the things a lot of people have pointed out in this building is it's a 105,000-square-foot building, which is manageable. It's very hard to build true skyscrapers green. We feel like we're the prototype in the type of development you'll see over the next several years.

**How to attract tenants during a slow market:** The theory is even if you had no new net office demand, you still would have a demand for people to get out of their old office and into a new one. I call that iPhone demand. Apple demand doesn't come from the fact people need more phones — it comes because Apple builds a better mousetrap. In a sense, a green building is a better mousetrap. You'll have a firm to whom it's important to move into a green building when its lease expires.

**How much more tenants are willing to pay to lease space in an eco-friendly office building:** I get asked all the time what's the premium for green office space. In this market, it's more than zero but less than 5 percent.

## Shop talk



JIM CARCHIDI

**Craig Ustler at the 800 N. Orange Ave. lot**

**How construction has gone since breaking ground on the GAI building:** The industry is not busy, so once you get a project teed up and going, the labor and product markets are very re-

## Craig Ustler

**Title:** President, Ustler Development Inc.

**Birthplace:** Orlando

**Education:** Bachelor's in urban economics and master's in real estate and urban analysis, University of Florida

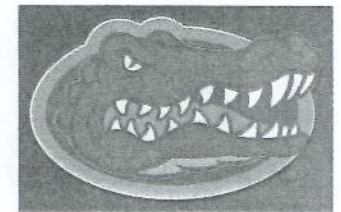
**First job:** Surveyor

**Hobbies:** Following University of Florida football and other sports

**Favorite restaurant:** Citrus

**How I wind down:** I visit my apartment in New York City.

**I've always wanted to learn:** To fly a plane



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ceptive. The difficulty was before we broke ground. The pre-construction phase of this project was long, even for someone with our track record and financial wherewithal.

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