

12/1/2000 - Equity Resources Opens the Door for Commercial Development in Moody

When Jack Fiorella, CEO and founder of Birmingham based Equity Resources, purchased 90 acres of land in Moody, Alabama, nine years ago, he immediately had visions of success. "As soon as I saw the property, I knew that it had tremendous potential for commercial development opportunities," he says.

But the property, which is located northeast of Birmingham at the intersection of Interstate 20 and U.S. Highway 411, was not without its drawbacks. In the early 1990's, the city of Moody did not have a sewer system. As a result, developers were precluded from commercial opportunities in Moody. "I was successful at getting the city of Moody to finance the installation of a new sewer system, just to allow my commercial development to take place," says Fiorella. "It was a real gamble, a leap of faith in their part. But the result has been a tremendous success."

Tremendous success is right. Fiorella says that over 75 percent of all the sales tax revenue enjoyed by the city of Moody is generated by sales of commercial businesses on this property. "So, it has not only been a successful development site for me, but also a tremendous growth opportunity for the city of Moody. This was the access door, so to speak, to allow commercial development to take place," he boasts.

Another challenge Fiorella encountered was inadequate vehicle access to the site. "The site was not built for nor can it accommodate heavy traffic," he says. As a solution, Equity Resources struck an agreement with St. Clair County and the city of Moody wherein the three entities shared the cost of new road construction. "We also redesigned and moved the road back away from the interstate, allowing us to create some additional interstate frontage outparcels for commercial development," he adds.

One thing that was a critical advantage in the city of Moody was visibility and access to I-20. "This was the only parcel that allows commercial sites to take

place," says Fiorella. "For commercial users, not only access, but visibility is critical, and that was the corridor you had to be contiguous to. That's why I bought the property."

With the reconfiguration and construction of the roads underway, Equity Resources has already cleared the right-of-way to allow for the visibility the site needs from I-20 on the rear portion of the property, causing a stir among potential tenants.

Another advantage the site has is the fact that it is on a level site, a unique feature in the Birmingham area. "This is a fairly mountainous area, and although there are other interchanges and other properties that have visibility, a combination of those factors plus terrain you can work with and afford to work with is a rare commodity that we have going for us," he says. "The property is not hilly or full of rock, and as a result, it lends itself well to these types of users."

Over the years, Equity Resources has systematically redeveloped the site. The company built Village at Moody, a Winn-Dixie Marketplace-anchored shopping center, and several fast food restaurants and many outparcel sites have been developed and sold. "We have also developed the first phase of a two-phase apartment community there," Fiorella says. "And now we are moving into the next phase, which is going to be a combination of retail and office/warehouse distribution product."

This phase includes approximately 85,000 square feet of flex office/warehouse space in four buildings and 12,000 square feet of retail. Fiorella says the front portion of the site will most likely include commercial users. "The front portion is surrounded by and is contiguous to Winn-Dixie, Cracker Barrel, and Arby's, as well as others. "There's a lot of synergy already there generating a lot of retail customers. As a result, I think other people will feed off this and benefit from that flow of commercial traffic," he says. The rear portion of the property will house warehouse/distribution tenants. "I think those users are going to fall closer to the warehouse/distribution use with large bulk users versus the small business users for the front."

Michael Hughes, A broker with Eason, Graham & Sandner, the firm overseeing leasing for the development says tenants will be attracted to the upscale quality of the buildings. Equity Resources' buildings will be made of brick; buildings currently in the area are metal. "There's just not any product like this in any area," Hughes says, adding that the office/warehouse space will be marketed at approximately \$7.50 per square foot.

Fiorella agrees. "In the market, there is no quality space where a business can locate where they would have a combination of quality office/warehouse space,"

he says. "There is nothing there that would qualify as anything other than ancient. So, I really feel that not only is the demand there, but there's a rare and unusual opportunity where there is no competition in the market that we have to worry about."

With regard to the 12,000 square foot retail center, Fiorella says the company will pre-lease the corner space, most likely to a restaurant, before beginning construction on the center. "All the specific uses relative to a restaurant operator vary from one restaurant to another," he says. "We can't just build that in a generic sense. We have to have a specific use defined in order to be able to build cost effectively. Once I have one 4,000-5,000 square foot user defined, the rest of it will be developed as speculative space."

Equity Resources' development of the site won't stop with this phase. The next step will be the development of 500,000 square feet of office/warehouse distribution centers on the remaining 27 acres, which Fiorella says will start by the end of the year. He adds that the site will benefit from the large amounts of activity and development occurring in the eastern corridor of Birmingham. Two projects currently under construction are the Honda Assembly plant and the \$35 million motorcycle museum, the largest in the world for motorcycle testing, which is located about 5 miles away from Equity Resources' site.